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United States Department of State
and the Broadcasting Board of Governors
Office of Inspector General

Report of Inspection

Embassy London,
United Kingdom

Report Number ISP-I-09-37A, July 2009

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PURPOSE, SCOPE AND METHODOLOGY OF THE INSPECTION

This inspection was conducted in accordance with the Quality Standards for Inspections, as issued by the Council of the Inspectors General on Integrity and Efficiency, and the Inspector's Handbook, as issued by the Office of Inspector General (OIG) for the U.S. Department of State (Department) and the Broadcasting Board of Governors (BBG).

PURPOSE

The Office of Inspections provides the Secretary of State, the Chairman of the BBG, and Congress with systematic and independent evaluations of the operations of the Department and the BBG. Inspections cover three broad areas, consistent with Section 209 of the Foreign Service Act of 1980:

- **Policy Implementation:** whether policy goals and objectives are being effectively achieved; whether U.S. interests are being accurately and effectively represented; and whether all elements of an office or mission are being adequately coordinated.
- **Resource Management:** whether resources are being used and managed with maximum efficiency, effectiveness, and economy and whether financial transactions and accounts are properly conducted, maintained, and reported.
- **Management Controls:** whether the administration of activities and operations meets the requirements of applicable laws and regulations; whether internal management controls have been instituted to ensure quality of performance and reduce the likelihood of mismanagement; whether instances of fraud, waste, or abuse exist; and whether adequate steps for detection, correction, and prevention have been taken.

METHODOLOGY

In conducting this inspection, the inspectors: reviewed pertinent records; as appropriate, circulated, reviewed, and compiled the results of survey instruments; conducted on-site interviews; and reviewed the substance of the report and its findings and recommendations with offices, individuals, organizations, and activities affected by this review.



**United States Department of State
and the Broadcasting Board of Governors**

Office of Inspector General

PREFACE

This report was prepared by the Office of Inspector General (OIG) pursuant to the Inspector General Act of 1978, as amended, and Section 209 of the Foreign Service Act of 1980, as amended. It is one of a series of audit, inspection, investigative, and special reports prepared by OIG periodically as part of its responsibility to promote effective management, accountability and positive change in the Department of State and the Broadcasting Board of Governors.

This report is the result of an assessment of the strengths and weaknesses of the office, post, or function under review. It is based on interviews with employees and officials of relevant agencies and institutions, direct observation, and a review of applicable documents.

The recommendations therein have been developed on the basis of the best knowledge available to the OIG and, as appropriate, have been discussed in draft with those responsible for implementation. It is my hope that these recommendations will result in more effective, efficient, and/or economical operations.

I express my appreciation to all of those who contributed to the preparation of this report.

A handwritten signature in black ink, appearing to read "H. W. Geisel".

Harold W. Geisel
Acting Inspector General

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KEY JUDGMENTS

- Consular sections in the United Kingdom (U.K.) handle the most diverse caseload in the world and demand is the highest in Europe. Antifraud cooperation among sections and agencies is critical to ensuring quality adjudication of visa and passport applications. Balancing workload demand with the development activities of entry-level officers will continue to challenge post management.
- Political and economic reporting is uniformly excellent. After recent terrorist attacks in the U.K., the political section formed an interagency working group to study radicalization among disaffected young Muslims in the U.K. and to cooperate with the U.K. Government on ways to counter this trend. The economic section's recently expanded reporting on the burgeoning global financial crisis has kept Washington consumers well briefed on London's key role as a major international financial center in helping control the situation.
- Officers throughout the Embassy, including the political and economic sections, spend up to 50 percent of their time supporting the 18,000 official visitors who travel to London annually. The Embassy is looking at ways to reduce the visitor load without impairing U.S.-U.K. relations.
- The United States has a strong interest in political and economic stability in Northern Ireland, and Consulate General Belfast plays an important role in fostering successful peace efforts through the promotion of private enterprise, trade, and investment.
- London is an important media center for Europe, the Middle East, and Asia. The U.S. Government gets tremendous value from public affairs and media outreach center operations. Without additional resources, however, public diplomacy will not be able to take advantage of opportunities to improve America's profile in the U.K. and with Muslim audiences abroad.

CONTEXT

The U.K. is often described as the oldest and most reliable ally of the United States. This bilateral relationship is intense and productive, involving frequent discussions between the U.S. President and the U.K.'s Prime Minister, and daily peer-

to-peer interactions at analogous U.K. and U.S. departments and agencies.



Due to its colonial history, British interests span the globe. One of the few U.S. allies to maintain a worldwide nuclear deterrent, the U.K. has been a staunch and natural confidante and collaborator of U.S. Administrations on issues involving defense and arms control since the 1940s. With a population that becomes increasingly multicultural each year, the British Government shares the challenges faced by the United States on issues such as minority rights and the need to stem the rising tide of radicalism. After the United States, the U.K. has contributed the largest number of troops to Iraq and Afghanistan. Our two countries stand shoulder-to-shoulder on virtually every issue, including regional stability, counterterrorism, nonproliferation, and human rights.

Our economic and trade ties are as close and significant as our political and defense relationships. The U.K. is the second largest economy in the European Union (EU) and ranks fifth in the world as a destination for U.S. exports. The United States and the U.K. share the world's largest direct investment partnership. The U.K. is a key interlocutor on matters ranging from support for the Doha trade round, the current global financial crisis, and environmental policy, to foreign aid coordination.

The Chief of Mission (COM) in London is responsible not only for oversight of U.S. Government operations at the chancery in London and the Consulates General in Belfast and Edinburgh but, since the expansion of law enforcement cooperation following September 11, 2001, also for oversight of the work of U.S. direct-hire

staff spread across the U.K., from Felixstowe to Liverpool. New programs such as the Department of Homeland Security's Container Security Initiative and traditional programs, such as the more than 200 Department of Defense officers embedded at U.K. military installations as part of professional exchanges, have presented challenges for Embassy London's support and internal control systems. Command and control of U.S. Government policy priorities in the U.K. have been made inordinately complicated by interlocking layers of limitations. These include the worldwide Department budget shortfalls in recent years which have forced Embassy London to cut back internal travel, official representation, and training, and to reduce staffing levels and benefits.

In addition, U.S. direct-hire gaps created serious problems as positions were moved out of Embassy London due to transformational diplomacy shifts; as officers volunteered to fill high priority positions in Baghdad and Kabul; and when officers whose serious medical conditions prevented them from fulfilling the full range of their duties at other posts were assigned to the Embassy. Another challenge has been the absorption of a large number of officers – 60 currently serving in London – who have returned from duty at extreme hardship posts such as Kabul or Baghdad with high expectations of a London tour of duty. Some lack the requisite debriefing or training. Finally, Embassy London serves as a platform for one of the heaviest official visitor workloads in the world, both in terms of sheer numbers – over 18,000 a year – and in the high rank of the visitors. The resources devoted to supporting these visits, most of which are productive and worthwhile, siphon off the Embassy's staff hours, leaving insufficient resources to meet key mission strategic goals.

The U.S. Mission is facing three important challenges – one short-term and two more distant. President Obama will attend the Group of 20 (G-20) Summit in London in April 2009. During the inspection, the first White House advance team arrived in London and the pace of preparation will increase exponentially as the visit approaches. In 2012, London will host the Summer Olympics and the Mission already has begun its planning for this major event. Finally, by 2015 the Mission hopes to relocate to a yet-to-be-constructed new chancery in southwest London. Planning for the move, the design and construction of the new chancery, and the demobilization of the old chancery will involve extensive and sustained staff hours from Mission personnel.

Embassy London's total staffing of 929 includes 449 U.S. direct-hire staff, 465 locally employed (LE) staff members, and 15 eligible family members (EFM). The Department's annual budget for Embassy London is over \$59 million. The financial management office services accounts for other agencies totals more than \$68 million.

EXECUTIVE DIRECTION

The highly regarded noncareer Ambassador completed his tour of duty and departed post not long after the arrival of the inspection team. Command and control of the U.S. Embassy to the U.K. has been temporarily left in the hands of an experienced and capable career Senior Foreign Service chargé, a former Ambassador himself, until the new Administration appoints, and the U.S. Senate confirms, a new Ambassador. As would be expected in a mission the size and scope of Embassy London, the number of interagency players represented on the country team is impressive. Nine U.S. Cabinet-level agencies maintain permanent staff in the U.K. along with numerous other federal agencies and administrations. There are 41 separate accounts under ICASS in London.

The Ambassador, until he left post permanently in February 2009, and his deputy chief of mission (DCM), now chargé d'affaires, coordinated the interagency policy process through weekly country team and senior staff meetings. Wherever possible, they aligned mandatory meetings such as Visas Viper, with other meetings involving a similar set of participants in order to minimize the amount of time key players spend in set piece meetings. Information is exchanged freely at these sessions, and the chair, usually the chargé or the acting DCM, keeps the discourse focused on the most relevant issues in an efficient manner. Participants found these meetings to be productive and valuable. In addition to senior staff and country team meetings, the Embassy hosts regular issue-focused meetings, such as the counterradicalism meeting and terrorism finance meeting, at which all interagency equities are represented. Relevant officials from the British Government are often drawn into these meetings to exchange information with embassy officers. These issue-focused meetings are closely aligned with the Mission Strategic Plan (MSP) goals and objectives and serve as forums to evaluate progress on performance indicators.

Embassy London filed its 2011 MSP during the inspection. A review of that document and discussions with section chiefs and heads of agencies confirmed that there was widespread participation in the formulation of goals and performance measures. The inspectors found the five foreign policy goals outlined in the 2011 MSP to be correct for this mission: U.K. as Effective Partner Promoting Economic Stability; Prevention and Response to Terrorism and Emerging Security Threats; Restore and Strengthen the Foundation of Trust in U.S. Policies and Values; Maintain Ties with Our Closest Ally and Friend as a Platform for Global Policies; and Non-

proliferation of Weapons of Mass Destruction. The 2011 MSP resource requests and management priorities section made a persuasive case for more ICASS positions to support the over 100 U.S. direct-hire positions, primarily other agency law enforcement positions, added to the U.S. Mission in the last decade.

Embassy London has identified and requested one innovative technological fix to reduce the flow of official visitors to London – a secure videoconferencing facility to link U.S. and British officials. The inspectors support this request. The 2010 MSP inadequately made the case for the additional program positions requested for reporting and public diplomacy. The COM statement makes no reference to the regional media hub the Department established. The hub works with the many media organizations in London that serve Middle Eastern communities in the U.K. and abroad. The MSP also would be strengthened by the addition of language describing the impact of the heavy official visitor workload, the complications arising from the many assignments to London of officers returning from Iraq and Afghanistan, and the difficulty reporting and analysis officers face in finding time to perform their core tasks.

Post management devotes a great deal of attention and resources to public diplomacy. Both the COM and the DCM are active participants in the public outreach program. The Ambassador gave over 200 media interviews and made more than 50 major speeches during his tour. Post management empowers embassy officers at all levels to participate in a number of innovative programs to include briefings with schools across England via videoconferencing, posting videos on YouTube using the Embassy's Web page, and "tweeting." Officers stationed at the constituent posts in Belfast and Edinburgh also are charged with responsibility for public diplomacy, and the DCM makes a point to reinforce this in counseling sessions.

Public diplomacy is fully integrated in the MSP process. Funding for public diplomacy activities has been far less than the Mission can efficiently absorb. Partly, this is due to the Department's funding shortfalls, but it is also due to a misperception that the population of the U.K. is predisposed to support U.S. policies. It can be dangerous to assume that the same kind of vibrant public diplomacy programs used in other regions of the world are not needed in the U.K. The U.K.'s increasingly multicultural society means that many in its immigrant population may not be well disposed towards the U.S.-U.K. relationship. The World War II population, with positive memories of U.S.-U.K. cooperation, is fading fast, and a new generation has taken the reins of power. This age group is more likely to think of the United States as a hegemonic nation than as a partner with shared values. This theme will be developed more fully in the public diplomacy section of this report.

Embassy London staff and management strongly support the Department's efforts to fill high priority positions in Iraq and Afghanistan. London-assigned officers have volunteered for service in these high danger areas. The Embassy has provided housing and support services for family members remaining behind, and supports returnees and their family members. London is also a popular bid for officers completing duty in Iraq or Afghanistan, and it is not uncommon for the short list of qualified bidders for the highly sought London vacancies to contain only officers rotating out of these two countries.

The impact on London's ability to manage its staffing and the quality of its work is significant. For example, the current regional security officer (RSO) could only be assigned for a short tour in London (18 months) as his position had already been promised to an officer due to depart Iraq. Other positions have been or will be filled by returnees who have no experience or training for the work they will assume in London. For example, by 2010 there will be only one officer in London's large and busy economic section who has served previously as an economic officer. This gradual accretion of tied assignments in London's staffing pattern has had the unintended impact of putting many positions in London out of reach for virtually all bidders, regardless of how qualified, except for returnees.

Despite the fact that the regional security office in London is understaffed and over-burdened, the Ambassador and the DCM have given the RSO all the support required to meet the security needs of this mega embassy. The stream of high-level official visitors during the first half of 2009, including the President, the Director of the Federal Bureau of Investigation, Special Envoys Holbrooke and Mitchell, and numerous congressional delegations, requires constant triage to ensure that all vital services are performed. The RSO meets with the DCM on a regular basis, and has access to him whenever urgent situations require his consultation. Both the Ambassador and the DCM were heavily involved in negotiations with local officials to improve the security of the existing chancery, and took lead roles in convincing the Department to authorize the purchase of a tract of land for the yet-to-be-constructed new chancery.

The Ambassador and the DCM have also supported the RSO's efforts to reduce the number of positions falling under COM responsibility for security services. When the European headquarters for the U.S. Navy was relocated from London to Italy, a large number of U.S. military officers embedded at British military sites around the U.K. were added to Embassy London's security responsibilities. The DCM has supported the efforts of the RSO and the Defense attaché to shift responsibility for these military officers to the U.S. regional command. This would remove approximately 200 positions from the RSO's scope of responsibility and free up resources for work more closely tied to the MSP.

Laudable as his efforts have been, they have not yet resulted in a vigorous ELO program. The collaboration between the economic counselor and the ELO coordinator has generated a draft agenda for future activities; until the ELOs are allowed to attend these functions, the impact will continue to be muted. The OIG inspectors discussed with the DCM the tensions inherent in the need to minimize backlogs in consular work and the needs of the Foreign Service to train and retain talented ELOs. He agreed to work closely with section chiefs to ensure a reasonable amount of time be set aside for ELOs to participate in enrichment and training activities.

London's 2011 MSP calls for significant new resources due to the expansion of other agency staffing. All new other agency positions must be approved by the Ambassador through the National Security Decision Directive-38 (NSDD-38). Before a new position can be established, the Ambassador must determine that the existing support structure can absorb the workload resulting from the new position. In many respects, the NSDD-38 process in place at Embassy London is one of the best in the world. For example, each approval documents the non-Department agency's commitment to pay appropriate costs under ICASS, to follow all mission-wide policies on administrative services and security, and establish a clear chain of authority within the Embassy. What this process has not been doing is making clear to the COM that the ICASS reimbursements the non-State agency provides are not sufficient to cover the total cost of the new position, nor are the non-State agencies charged for the increased program costs related to security. This growth in other agency positions, combined with the staffing cuts under transformational diplomacy and the worldwide Department budget shortfalls of 2008, created gaps in the administrative support platform. Embassy London's new Management Minister Counselor and Management Counselor are committed to strengthening the NSDD-38 process London uses. The OIG inspectors shared with them the best practices in evaluating and sharing support costs.

POLICY AND PROGRAM IMPLEMENTATION

POLITICAL SECTION

The political section has nine officers, including an ELO who rotates from the consular section each year, two office management specialists (OMS) and an LE employee. A Minister Counselor at the FE-MC level and a FS-01 deputy manage the section well and morale is high. The section won praise from Washington for its responsive and solid analytical reporting, its excellent contacts in government departments and Parliament, and its effective management of a heavy official visitor workload. Officers benefit greatly from contact with senior U.K. officials during official visits, although they concede that at times, their ability to fulfill their regular responsibilities is temporarily impaired due to a heavy visitor workload. Some officers report spending over 50 percent of their time supporting official visitors from the executive and legislative branches during popular travel seasons.

Several officers are serving above grade for their positions. For instance, there are two FS-01s serving in FS-02 jobs, which reflect promotions after their arrival in London. The two OMS positions have taken on significant administrative responsibilities for visitor management. The political section is rightsized given its current workload, although many officers often work long hours. The political officer position covering North Atlantic Treaty Organization (NATO) issues and the U.K.'s military engagement through NATO in Afghanistan has been frozen by the Department and will not be filled when the incumbent leaves in the summer of 2009. This will require a reshuffling of the present mix of issue assignments among remaining staff. It is too soon to tell what effect the loss of the position will have on maintaining contact with British contacts on NATO and Afghanistan, and reporting and analysis, but given the intensity of U.S.-U.K. cooperation in these areas and the high number of visitors, freezing the position certainly will affect the section negatively.

The political section is notable for the fact that nearly all of its present officers volunteered for, or are recent returnees from, Iraq assignments. Embassy London political assignments are popular in the linked assignments program. So far, this has not impaired the section's effectiveness since its jobs have so many bidders that it can be selective in choosing the most highly qualified officers.

There is a reporting plan in which officers have clearly delineated areas of responsibility. Each officer has been given a mixture of domestic and international responsibilities. Section management believes that this arrangement has been successful in developing more well-rounded officers. A twice-weekly staff meeting also facilitates internal coordination.

Strongly encouraged by the DCM, the political section is remarkably productive, writing over 400 substantive cables during 2008. While some reported responses to demarches and memorandums of conversations of high-level visitors, many were in-depth and well sourced analytical cables on U.S.-U.K. relations, Iran, Pakistan, and terrorism. However, one problem mentioned to the OIG team is that the section sometimes is not briefed on the content of peer-to-peer discussions between U.S. and U.K. officials, and may not even be informed that discussions are occurring.

The section has been particularly active encouraging British military engagement in Iraq and Afghanistan. The U.K. favors "burden sharing" among NATO partners, but British public support for Iraq has diminished.

A large number of recent messages also concerned the ever changing dynamics of British politics in response to the global financial meltdown. In this regard, the section benefits enormously from the contacts and institutional knowledge of its talented LE political assistant, who formerly was a staffer with a U.K. political party. In addition, political officers are prolific contributors to the Embassy's daily classified e-mail to Washington, and some items are given more extensive treatment in later cables.

The section's effectiveness is striking because in recent years London has often been a surprisingly unfriendly policy environment. Some British political elites have still not put to rest their grievances over the decision to go to war in Iraq. Antipathy to U.S. policies sometimes manifests itself in malicious media coverage of friendly fire casualties, renditions, and Guantanamo. Political section officers have also been particularly active in public diplomacy, which is a springboard for them to engage on key policy issues with influential sectors of the British public, including some of the world's most important think tanks and most aggressive journalists.

The threat of homegrown terrorist attacks has remained real in Britain ever since the July 2005 attacks on the London transport system by disaffected young Muslims long resident in the U.K. More recent attacks, less successful or thwarted, have kept counterterrorism (CT) high on the bilateral agenda. The mission started a comprehensive effort to assemble and add to U.S. Government understanding of British efforts to counter the radicalization and recruitment of young Muslims by extremists and terrorist organizations. At the DCM's direction, a counter-radicalization working

group meets at least once a month under the chairmanship of the minister counselor to assess information from all agencies at post. A portal created to showcase the Embassy's products on the counter-radicalization effort in Britain received positive reviews from the Department and the Department of Justice. Countering radicalization has also become a major theme for the Embassy's public diplomacy section.

In 2006, an "Iran Watcher" was assigned to Embassy London, presenting a new challenge for coordination within the section. The Bureau of Near Eastern Affairs (NEA) funds the position. The post perfected arrangements for how the function would fit into the existing staff pattern. It accommodated the Department's desire for a direct reporting relationship without diminishing the Embassy's chain of command. As a result, the London model became the gold standard for such arrangements and has been described as the "best relationship" in the Iran Watcher program, which also operates at posts in the Middle East, Central Asia, and elsewhere in Europe. There is also an "NEA Watcher" in the political section, and the two officers have established a mutually satisfactory division of responsibilities. The political section praised the Fellowship of Hope exchange program under which a Foreign Service officer works for a year in a U.K. Government agency, usually the Foreign and Commonwealth Office, prior to his assignment to the Embassy. The local contacts and institutional knowledge the officer obtains through the program, greatly magnify his effectiveness.

Although time and travel money are scarce, political officers have tried to break out of the London bubble to get to what politicians call "Middle Britain," the rural areas, industrial cities, suburbs, and former mining communities which form the economic and political backbone of the country. The differences in viewpoint and emphasis discovered around Britain help provide perspective for understanding the often overheated political debate in London.

ECONOMIC SECTION

The economic section has a reputation for excellence and its insights help shape the policy process in Washington. The section fosters cooperation with the U.K. on global economic stability, the Doha Trade Round, finance, energy security, CT, support for and assistance to developing countries, climate change, civil aviation, and bilateral trade and investment.

The section has been nimble enough to redirect its resources to the current financial crisis, which has underscored the importance of the U.S.-U.K. relationship, especially since London ranks with New York as a leading international financial

center. Until recently, the U.K. banking sector was regarded as among the strongest in the world, but it has received strong blows during the last year. Thus, Britain is an important ally in international efforts to repair the world's financial system. The U.K. is working closely with U.S. officials at the Embassy and in Washington to develop multilateral solutions to the crisis, including reform of the international financial system and reinvigoration of the Doha Trade Round.

The dialogue on the financial crisis will likely increase the number of official visitors to London from the U.S. Treasury, the Commodities Futures Trading Commission, the Securities and Exchange Commission, the Federal Reserve, the Office of Thrift Supervision, the United States Trade Representative, and Congress. The section anticipates spending significant time supporting these visits, leaving less time for reporting and public outreach. The visits, however, will provide officers with good access to senior U.S. and U.K. economic policy officials. In April 2009, the U.K. hosted the G-20 economic summit in London, with many heads of government and state in attendance, including President Obama. The current crisis will likely affect the extensive trade and investment flows between the U.S. and the U.K.

In recent months the section has greatly increased its reporting on issues related to the financial crisis, including the U.K. Government's proposal for a new international financial architecture, its domestic recovery plan, and the impact of the financial crisis on the U.K.'s economy and U.K.'s international assistance programs. During the six months before the OIG inspection, the section produced several dozen well-sourced analytical messages on the crisis. Given the availability of excellent open source information on the British economy, the section's messages focused on value-added information, such as the views and opinions of decision makers in government, business, and finance. The Department, the U.S. Treasury and the National Security Council have praised the quality of this reporting. Work requirements have been adjusted to reflect the importance of this new issue.

The section remains active on other pressing issues as well, such as intellectual property rights, energy, sanctions, terrorist finance, and civil aviation. It coordinates with the political section as needed. The section holds monthly meetings of the Terrorist Finance Working Group to discuss efforts against individuals, court cases, best practices, and information sharing. Treasury and the Department recently singled out Embassy London's efforts on terrorist finance, and in particular, in encouraging the government to adopt more comprehensive legislation in this area.

The section also follows health issues, such as avian flu, HIV/AIDS, and malaria in the context of economic development in third world countries. The section played a major role in the 2008 Open Skies agreement with the U.K. and it works with the Federal Aviation Administration (FAA) on this and aviation tax issues. It also sup-

ports the Department of Homeland Security on transportation security matters, but since the Department of Homeland Security is well-represented at the Embassy, the section's role is not as hands-on as at other posts. The economic section assumed responsibility for Blue Lantern munitions trade control issues from the political section in December 2008.

The section has a complement of seven officers, two OMS positions, and two LE staff, one full-time and the other part-time. A Minister Counselor at the FE-MC rank leads the section; an FS-01 counselor serves as deputy. The section also relies heavily on unpaid interns, of which there are about three annually; each spends about two months in the section. Section morale is good and a weekly staff meeting contributes to internal communications.

The Minister Counselor for Economic Affairs also coordinates the work of all economic-related agencies at Embassy London, which includes representatives from the Foreign Agricultural Service (FAS), the Foreign Commercial Service (FCS), the Department of Homeland Security, the Federal Aviation Administration, the Internal Revenue Service, and National Bank Examiners. He chairs a monthly coordination meeting with these agencies. Interagency relations appear excellent and the division of labor clear, except on agriculture issues, where responsibilities somewhat overlap. In view of the size of Embassy London, coordination of economic agencies by the economic Minister Counselor makes sense, with each agency maintaining access to the front office as needed.

However, the section is by no means generously staffed, especially with the loss of the Labor Counselor position in 2008 as part of the Global Repositioning Initiative. Thus, long hours are the norm, especially when the section is coping with a heavy visitor load. As with their political section colleagues, economic officers constantly juggle the need to support an exceptional number of U.S. Government visitors with the imperative of pursuing their normal contact work. Further staff cut-backs would be ill-advised if this section is to maintain its high degree of operational effectiveness.

Given the current level of staffing in the wake of the loss mentioned above, the section is unable to report as intensively as before on important issues, such as the U.K.'s relations with the EU and how to partner with the British to influence EU decisionmaking in Brussels; the U.K.'s declining energy independence and its broader implications for European energy security; and labor and employment trends such as the current domestic backlash against foreign workers and companies. Limited staffing and scarce travel funds mean that section officers are not able to visit Brussels to gain a better understanding of EU issues or travel outside London to gauge the effect of the current economic crisis at the regional level.

There is an unencumbered FS-03 position, which the section had hoped would be filled by an EFM through the Professional Associates Program, but so far no EFM has expressed interest. The additional staff member would help ensure that all reporting, contact work, and visit control responsibilities of the section would be met.

Major commercial priorities include support and advocacy on behalf of U.S. commercial interests, including promoting U.S. exports to the U.K. and U.K. investment in the United States. The FCS section in the Embassy focuses on promoting the U.K. as the logical entry point for new-to-Europe exporters, supporting U.S. firms with a direct presence in the U.K., many of which represent regional headquarters for the rest of Europe, the Middle East, and Africa, and capitalizing on the U.K.'s role as the leading investor in the United States. The economic and FCS sections meet regularly to discuss policy and advocacy issues.

The Department of Treasury closed its office in London in 1998, and responsibilities for macroeconomic and financial reporting shifted to the section. There were discussions during 2008 between the Ambassador and Treasury about re-establishing a Treasury attaché position in the section, but no decision was made before the end of the previous Administration. It is not clear whether this option will be pursued by the new Administration. In any case, the excellent quality, high volume, and timeliness of macroeconomic and financial reporting by the section, both in its cables and voluminous submissions to the Embassy's daily e-mail to Washington, suggest that the section is already providing outstanding coverage of the financial crisis to the satisfaction of Treasury and other relevant agencies, and that the addition of a Treasury attaché at this time lacks justification. However, as noted above, the section's effectiveness in 2010 would be impaired by the selection of officers through the linked assignment process who have never served as an economic officer, or who may come to post without sufficient training or economic knowledge.

The section has taken to heart the admonition that we are all public diplomats now, and uses London's unique megaphone into Europe. Officers have given speeches to tough audiences at U.K. think tanks and universities, parliamentary groups, and business clubs. The minister counselor for economic affairs made Embassy London the first embassy to do its own podcasts – an effective way of reaching the public in Britain where iPods are very popular. Guests have included former Treasury Secretary Paulson, the Attorney General, the Department's Legal Adviser, and other senior officials. This is an ideal platform for high-level visitors who are phobic about dealing with the rough British press. Several other embassies have subsequently emulated London's innovative use of this new media approach. Since U.K. decisionmaking is becoming more diffused, with the U.K. Government responding to many inter-

est groups, the section started dialogues with the Confederation of British Industries, U.S. companies operating in the U.K., economic policy think tanks (such as Chatham House), and nongovernmental organizations (NGO), such as Oxfam and Christian Aid.

ENVIRONMENT

The economic section also contains an Environmental, Science, Technology, and Health (ESTH) unit. An experienced FS-1 Counselor leads the section, which includes an ELO, one OMS, and a part-time LE staff member who liaises with the International Maritime Organization in London. There has been a steady increase in the section's workload as climate change has become a more prominent diplomatic issue. Despite the U.K.'s disagreement with the Bush Administration on aspects of climate change, there is continuous cooperation on biofuels, involving the Environmental Protection Agency and the Department of Energy. The section has good coordination with environmental NGOs and with London interests in carbon finance and insurance which affect environment issues. There could be further environmental collaboration between the United States and the U.K. under the new Administration.

In light of its ever increasing work load, the Embassy in the MSP suggested converting the former Labor Counselor position into an additional ESTH position. That officer would work on visits, freeing the ESTH counselor to do more public outreach in environmental issues, and expand professional contacts. The post believes that this would help send the message that the United States is now willing to engage with foreign governments and interests on environmental issues.

NORTHERN IRELAND, SCOTLAND, AND WALES

The political and economic sections work closely with the mission's two constituent posts: Consulates General Belfast and Edinburgh. The political section operates a Web site for a virtual presence post (VPP) in Cardiff, Wales. The political section designated officers to follow Northern Ireland, Scotland, and Wales, and embassy officers visit these areas as time and travel funds permit.

Consulate General Belfast, which opened in 1797, has four American officers and 23 LE staff. Its size belies its importance to the implementation of a key U.S. foreign policy goal. The principal officer is a major player in supporting many U.S.

programs and activities fostering the still fragile peace and reconciliation process in Northern Ireland – a matter closely watched by the large and politically powerful Irish-American community. U.S. mediation was instrumental in concluding the 1997 Good Friday Agreement, ending 30 years of political violence and economic stagnation, and moving the province toward power sharing between the Catholic and Protestant communities. Recently, U.S. policy placed more emphasis on economic development so that Northern Ireland will enjoy the prosperity which will sustain peace and stability. The Consulate General helped organize Invest in Northern Ireland conferences in 2007 and 2008 to show U.S. firms business opportunities in the province. The U.S. Ambassadors in London and Dublin actively supported these efforts as did the economic and Foreign Commercial sections.

The capable consul general works with the President's Special Envoy for Northern Ireland to implement our policy, and maintains excellent relations with all local parties so that Embassies London and Dublin and the Department constantly have the latest information about local political and social attitudes. The peace issue encourages a steady stream of official visitors to Belfast, including President Bush in 2008. Trade missions, led by Cabinet-level officials and state governors, also arrive frequently. Taking care of so many senior visitors greatly strains the resources of this small post, but all delegations are well served.

One officer and three LE employees staff the Consulate General in Edinburgh, which opened in 1798. The office represents the United States and provides consular services to American citizens in Scotland and to the American community in northern England near the border with Scotland. The Department owns the consulate compound, which is a converted town house. The principal officer, with the encouragement of the Bureau of Overseas Buildings Operations (OBO), is in the process of identifying a suitable replacement for the consul general residence with an eye toward improving security.

There is a growing community of American residents, students, and business interests in Scotland, as well as increasing tourism from the United States. Ties of blood and cultural affinity help to bind the United States with this part of the U.K., and some Members of Congress have a special interest in Scotland. Over 350 U.S. companies have a presence; they employ 10,000 locals. The principal officer's outreach to Muslims is an effective part of a vigorous overall strategy that includes regular forays to Glasgow, Scotland's largest urban center. The principal officer also contributes regularly to Embassy London reporting on the debate in Scotland between proponents of devolution and independence, though the lack of a classified channel to Embassy London greatly complicates this task. As a result of a devolution referendum in 1997, the Scottish Parliament assumed responsibility for internal trade,

transportation, justice, health, education, and environment, issues that make Edinburgh an important political center.

The Embassy established a Web site for the Cardiff VPP in Wales in November 2000. The VPP provides a central point of contact between the Embassy and the people of Wales, to encourage greater opportunities for business, cultural, educational and governmental cooperation. There are strong historic and economic ties between Wales and the United States; about 180 U.S. companies employ over 30,000 people in the province. Like Scotland, Wales set up a National Assembly that has assumed some responsibility for local government, transportation, education, environment, health and related matters from the Parliament in Westminster. In 2008, the political section decided to stop funding the VPP. Instead of paying for office space and a phone line for use during visits, the Embassy will use the money to pay for more travel to Wales.

COUNTERTERRORISM

The monthly CT roundtable serves as an effective venue to coordinate inter-agency initiatives and maximize resources. The exchange of information between the U.S. and British Governments is constant and intensive due to the special relationship between the countries, the recent terrorist attacks in the U.K., and ongoing operations in Iraq and Afghanistan. The Embassy's interagency community so effectively manages bilateral CT cooperation that Embassy London was singled out to receive the Director of National Intelligence Award for Collaborative Leadership for its joint efforts on CT.

LAW ENFORCEMENT

An Embassy London MSP goal is to maintain robust relations with the U.K. to combat terrorism. U.S. agencies, including the Department of Justice, Federal Bureau of Investigation, Drug Enforcement Administration (DEA), U.S. Secret Service, the Department of Defense, and the Department of Homeland Security, continue to build on their strong relationships with U.K. counterparts. The Embassy briefs the U.K. Government on Washington's views of the global terrorist threat. As stated above, it also analyzes trends in terrorist recruitment and radicalization through its interagency Counter-radicalization Working Group, which coordinates U.S. Government efforts to combat extremism with relevant U.K. Government agencies. The Embassy Law Enforcement Working Group meets monthly. The Department of

Justice criminal division attaché and the RSO co-chair this group; the DCM attends. The narcotics policy officer in the political section has primary responsibility for law enforcement matters on behalf of the Embassy. The Federal Bureau of Investigation legal attaché and the DEA country attaché, along with representatives of other agencies in the law enforcement community, attend country team meetings.

CONSULAR AFFAIRS

Embassy London is home to the Department's flagship consular operation in Europe. Safeguarding U.S. borders through correct visa and passport adjudications is the section's highest priority. The section also handles every conceivable type of visa and American citizen services case. Emergency services to U.S. citizens and outreach to the large resident U.S. citizen community are also top priorities. Coordination and cooperation with U.S. law enforcement agencies, the British border authority, and a wide range of British social service agencies, key to meeting all of these objectives, is excellent. The London consular section is widely known for its innovative and pioneering practices and history of piloting Bureau of Consular Affairs (CA) initiatives. Senior managers are engaged, productive, and respected both within and outside the section.

Managing the section's resources effectively is a formidable task, given serious budget constraints, heavy demand, and high expectations from Washington stakeholders. The Minister Counselor for Consular Affairs (MCCA), who arrived in August 2008, has made an impressive start in meeting these often competing challenges.

The goal of proper visa and passport adjudication is clearly established in the Embassy MSP. While this goal is a continuing core function of any consular section, and thus is not strictly required to be covered in the MSP, the volume of consular work and the resources devoted to it warrant its inclusion in Embassy London's submission. A mid-level officer coordinates, and the LE management analyst produces the consular section's draft input. Everyone in the section contributes to the data, either directly or indirectly through maintaining workload statistics, but many staff members are not aware of how their input is used in the strategic planning and budgeting process. Upon arrival, the MCCA established 30-, 60-, and 90-day objectives to address some critical issues, with positive results. In a section of this large size, there is room for continuous and inclusive planning beyond the MSP process to ensure that staff and financial resources are correctly targeted. The OIG team left an informal recommendation to that effect.

Staffing

The MCCA both leads the consular section in London and has oversight responsibility for consular operations in Belfast and Edinburgh. He is supported by a senior visa chief with the rank of Counselor, an FO-01 American citizen services chief, and 18 other consular officers, of whom 13 are ELOs. There are 87 LE staff positions, including 11 with regional federal benefits responsibilities.

London's consular section lost two officer positions in 2008 to rightsizing and repositioning exercises. At the current staffing level, the post is barely able to keep up with demand for visa and passport services. At the time of the inspection, waiting times were 46 days for routine nonimmigrant visas (NIV) and 118 days for NIVs requiring waiver decisions. There were emergency appointments available, and waiting times for F, J, O, P, Q, I, and air crew visa categories were only three days. Passport appointment waiting times were three days for routine applications and 62 days for certificates of reports of birth. The American citizen service (ACS) unit is limiting notary appointments to two days a week for a total of 50 appointments, with a waiting time of 18 days. Those who cannot wait that long are obliged to use the British system, which is both more expensive and more time-consuming.

CA has established a standard for routine visa waiting time of less than 30 days. When the inspection opened, London was in compliance with the standard, but the need to assign consular officers to support a Presidential visit April 2009 required the section to curtail its appointment schedule.

CA established a position for a professional adjudication specialist in a pilot program. Even with that added assistance, London made a compelling case to CA for the restoration of one consular position. The addition of one position, however, would not be enough to mitigate the time lost to staffing gaps, transfers, sick leave, and official visit support. Traditionally, officers from London have been asked to do temporary duty to fill in consular gaps elsewhere. The current staffing does not allow for that luxury. Instead, London needs to be the regular recipient of temporary help in order to bridge these situations and still meet CA standards. This help should include details from within the Embassy as well as when-actually-employed staff (WAEs) and details from the Department. London identified its needs in its request for machine-readable visa (MRV) funding for the current fiscal year.

Recommendation 1: The Bureau of Consular Affairs, in coordination with Embassy London, should develop a sustainable staffing model, including permanent and temporary adjudicator staff, so that Embassy London is able to meet standard processing times. (Action: CA, in coordination with Embassy London)

CA manages the professional adjudication specialist program centrally, and the employees selected are authorized formally to adjudicate visa and passport applications and perform notary services. (By statute, a professional adjudication specialist may not adjudicate applications for consular reports of birth abroad). CA advertised for two positions in London, but only one qualified candidate accepted a position. London assigned the professional adjudication specialist to the ACS section, where she currently handles prison visits, notary services, and casework. By the time of the inspection, CA had not established appropriate access levels to the ACS automated system for professional adjudication specialists. The lack of certainty about what the professional adjudication specialist can do impeded her integration into the section. Assigning the professional adjudication specialist to passport adjudication would require some restructuring of the workflow in the passport unit.

Recommendation 2: The Bureau of Consular Affairs should revise the access levels in the automated American citizen services system to allow for proper roles for the professional adjudication specialist. (Action: CA)

Recommendation 3: Embassy London should restructure the workflow in the passport unit to allow for the integration of the professional adjudication specialist into the work of the unit. (Action: Embassy London)

Consular Management

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(b) (2)(b) (2)(b) (2) They find few opportunities to participate in the mission community, and do not have a sense of the U.S. mission's objectives in the U.K.

ELOs credited a recently-established formal mentor program for improving this situation, but still find little opportunity to expand their profile within the mission.
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that they are not certain what their senior managers are working on, and generally have little insight on big-picture issues. Focused unit-level staff meetings, held at a more productive hour of the day, could help establish more constructive internal communication. The OIG team believes that greater exposure to the decisionmaking process and the daily work of senior managers would foster a greater sense of appreciation for, and commitment to, the complexities of consular work. The OIG team left an informal recommendation on this issue.

Consular managers instituted mandatory overtime for visa line interviewing officers in a surge effort last fall to reduce NIV waiting times to under 30 days. The effort succeeded, and the Ambassador made a congratulatory visit to the section. Yet some staff members are still in doubt about the efficacy of their efforts. Some ELOs expressed concern about overtime requirements and compensation, and consular management worked with the Human Resources section to verify and promulgate policies consistent with Department and OPM regulations. The OIG team reviewed leave records and found that overtime and compensatory time had been correctly recorded. Officers had also taken some of the compensatory time they earned.

Nonimmigrant Visas

London's caseload is diverse in both nationality and visa classification, thus it is difficult to categorize cases or develop shortcuts to valid adjudication decisions. The waiting room layout also contributes to lost time, as NIV applicants have a distance to walk once called to a window. LE staff members are employed appropriately in every step of the process. The OIG team looked for ways that officer time-per-case could be reduced. In accordance with 9 FAM Appendix L, 113.1, an officer is required to verify fingerprints taken by LE staff. Officers noted they spent a good deal of time on verifying poor quality fingerprints, especially for the elderly whose fingerprints have worn off. A short experiment with having an EFM verify fingerprints before the officer interviewed the applicant was abandoned because an EFM willing to do this work on a regular basis could not be found. Stricter quality standards for LE staff taking fingerprints could help, and the OIG team left an informal recommendation to that effect.

Recommendation 6: Embassy London should recruit a qualified eligible family member to conduct a pilot program to verify fingerprints of nonimmigrant visa applicants. (Action: Embassy London)

A Visa Coordination Unit (VCU) is part of the NIV section. Staffed by an officer and a dedicated LE staff member, this unit processes 20 percent of the worldwide caseload of applicants requiring waivers of ineligibility under the Immigration and Nationality Act to travel temporarily to the United States. VCU interviews are sensitive and lengthier than the standard NIV interview. All waiver recommendations are countersigned by a supervisory officer. At the time of the inspection, consular managers were in the process of determining how to rebalance the workload of its supervisory officers, and considering whether to move the VCU away from NIV to allow for more dedicated attention from a mid-level manager. The OIG team supports this concept.

VISA REFERRAL SYSTEM

London's visa referral system is fully in compliance with CA guidelines. The most recent referral guidance was issued in November 2008, and is posted on the London Intranet Web site. Only American officers are permitted to make referrals, and all referrals are correctly required to be signed by the section or agency head. Before making a referral for the first time, officers are required to undergo a briefing about the referral policy.

Under the post's policy, the visa chief adjudicates all category "A" referrals, and the NIV chief or the NIV line manager adjudicates category "B" refusals. CA's records show that untenured officers adjudicated several recent visa referrals. The OIG team conducted an audit of referrals for the first quarter of FY 2009 and found one such case. In that case, the visa line manager conducted the interview and noted in the case file that the visa could be issued upon receipt of a security advisory opinion from CA. The untenured officer processing incoming security advisory opinions authorized the issuance of the visa when the opinion arrived.

London's Fraud Prevention Unit (FPU) is in the process of conducting a validation study of visa referrals for FY 2007 and FY 2008. There were 372 referrals in that time period, out of a total of over 280,000 NIV cases. All except six are confirmed to have departed; the U.S. DHS/Customs and Border Protection (CBP) does not have records of departure for those six individuals. The FPU is continuing its efforts to trace them.

Visas Viper

The DCM actively chairs the well-attended Visas Viper committee, which meets monthly. The visa chief coordinates the committee's work and reports its findings. The reports are filed in a timely fashion.

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Fraud Prevention Unit

A recently-promoted FS-03 officer is the Fraud Prevention Manager (FPM) and manages both the Immigrant Visa (IV) unit and the FPU. The FPU occupies space in a recently-established Joint Fraud Investigation Team (JFIT) constructed in the consular section with funding provided by the Bureau of Diplomatic Security (DS). The other members of JFIT are a senior LE fraud investigator and three fraud unit personnel, who report through the FPM to the visa chief, an assistant regional security officer-investigations (A/RSO-I) and an LE investigator who report to the RSO. There is also space for a Department of Homeland Security CBP investigator expected to be assigned in the coming months. A well-equipped document forensic laboratory is located in the section, though some of the equipment is aging.

The team concept of investigating fraud cases and trends has tremendous potential. Embassy London's consular section has a reputation for innovation and this is another instance of its leading the way. However, the OIG team found that roles and relationships among members of the JFIT are still very much in the formative stage. There is little communication between the FPM and the A/RSO-I and their respective responsibilities for case management are not mutually understood and accepted.

There is a risk of duplication of effort that could compromise both investigative efforts and operational effectiveness.

The establishment of A/RSO-I positions is governed by a 2004 memorandum of understanding (MOU) between DS and CA. The MOU outlines the roles and responsibilities of the A/RSO-I and the FPM, and formalizes the bureaus' shared expectations of cooperation between the FPM and the A/RSO-I. Under the MOU, the designation of a rating and reviewing officer is left to the discretion of the post, but is required to reflect shared supervisory responsibility between the RSO and a senior consular section official. These two senior officers have not jointly refined and defined the respective roles of the A/RSO-I and the FPM.

Recommendation 7: Embassy London should clarify roles and responsibilities of the fraud prevention manager and the assistant regional security officer-investigations, respectively. (Action: Embassy London)

CA is developing a worldwide fraud case tracking system, with the first phase of deployment expected in spring 2009; Embassy London currently uses a locally developed fraud case management system (the "Brain"). The A/RSO-I enters case information into the DS database, to which the FPM and her staff appropriately do not have access. He also enters case information into the "Brain," but there is no requirement for him to do so. Pending deployment of the CA system, all members of the JFIT should use the locally developed system. The OIG team left an informal recommendation to that effect.

American Citizen Services

Over 250,000 U.S. citizens reside in the U.K., and three to four million U.S. tourists come every year. The ACS section, divided into a passport unit and a special consular services unit, handles the many issues arising from these residents and visitors. LE staff are professional and well-versed in a wide variety of complex issues, and maintain excellent contacts. London's passport workload is larger than that of several domestic passport agencies. Consular management is increasing the scrutiny of passport applicants, and recently established a standard operating procedure for referrals to the FPU. The OIG team supports this initiative.

refers the same target nationalities to the FPU for document screening as does London, and is very pleased with the timeliness and content of the results. Maintaining frequent communication would help ensure consistency in adjudication standards. The OIG team left an informal recommendation to that effect.

Equipment and Working Conditions

The OIG team observed that several units lacked adequate equipment. There is only one printer and only one quality assurance scanner for the IV unit, and there is no backup. A Q-matic system in the ACS waiting room was awaiting repair at the time of the inspection. One of three stand-alone computers in the visa waiting room, where some applicants print their application forms, was not working. The newly-established FPU needs four-drawer file cabinets. The IV unit needs a file cabinet for storage of X-ray films. Other file cabinets were broken down or located in hallways.

The Embassy recently built walls to enclose office space for the JFIT. No provision was made for adequate ventilation. A ceiling fan in the unit is wired to other ceiling fans outside the unit; turning it on would make conditions uncomfortable for others and blow papers around. One wall has a ventilation grille installed, but there is no second grille on the wall opposite to allow for air flow.

The OIG team made several informal recommendations to address these issues.

Accountability for Fees and Supplies

The OIG team conducted cash counts with the accountable consular officers (ACO) for fees in the visa and ACS units. Both the ACOs and the subcashiers were clearly familiar with the process and comfortable with the Automated Cash Register system. The subcashiers reported no problems with credit card payments. Both cashier booths were enclosed (except at the top) with only a small window on the office side of the booth. Given the location of the officers' work space, direct line-of-sight supervision is not possible.

At the time of the inspection, visa foils were placed on a counter in the common workspace to be picked up by LE staff doing the printing. 7 FAH-1 H-656.1 requires that foils be signed out by those using them. Embassy London corrected its practice during the inspection.

Belfast and Edinburgh were not using the appropriate CA templates for designation of ACOs. This was corrected during the inspection. The OIG team left an informal recommendation that copies of ACO designations be filed centrally in London and reviewed in connection with the annual certification of consular management controls.

PUBLIC DIPLOMACY

Overview

Public diplomacy is an essential tool for achieving U.S. goals in the U.K. Public diplomacy in this mission is a multi-player, interagency effort with the public affairs section (PAS) taking the lead role. In addition to the resources of the traditional PAS, both the Defense Attaché Officer (DAO) and the Department of Homeland Security have staff that focus on public affairs. The Open Source Center, formerly known as the Foreign Broadcast Information Service, monitors foreign broadcasts for global distribution.. The Department also has a media hub in the Embassy that is separate from PAS.

The objectives of public diplomacy in the U.K. are to:

1. Rebuild the foundation of trust between the United States and the U.K., and reach out to the successor generation to “the greatest generation” whose bonds were formed through bloodshed in a common cause during World War II. Strengthening the foundation requires countering misperceptions and media-fed negative caricatures. One tactic is to renew support for American Studies. Another tactic is to engage in a vigorous outreach program, deploying the Ambassador and DCM, VIP visitors, and all elements of the mission.
2. Convince Washington that continued U.K. public support for the shared U.S.-U.K. goals cannot to be taken for granted, and that additional budgetary and human resources are necessary.
3. Engage with U.K. Muslims.
4. Use the concentration of Arab, Persian, and other foreign language media in London to reach out to Middle Eastern and other international audiences beyond the U.K. and to provide a rapid reaction to issues monitored in the Arab language media.

5. Take advantage of the large numbers of high-level U.S. Government visitors to project American policy to U.K. and international media.
6. Stand up, maintain, and provide content for new media including the social networks that are a developing phenomenon among the younger demographic.

The Embassy, with PAS taking a leading and coordinating role, is making progress on these goals.

Public Affairs Section

The section has a staff of seven Foreign Service officers and 15 LE staff members. It accomplishes its mission with a budget of about \$2 million of which nearly 80 percent goes to LE staff salaries. It is a high quality team of officers and experienced LE staff. In the FY 2011 MSP, the Embassy requests two additional officer positions. The Embassy also hopes that one officer position being frozen this summer will be unfrozen in FY 2010. Belfast and Edinburgh are adequately staffed from a public diplomacy perspective. Consulate General Belfast has a dedicated public diplomacy LE staff position. Although Consulate General Edinburgh does not have such a position, the single Department officer works unstintingly with the press, on cultural affairs, and on representational activities. Relations with the RSO have been excellent as all posts try to balance the needs of security and access for invited guests and media.

The PAS suffered a net loss of American officer staff in the Global Repositioning Initiative. The Public Affairs Officer's (PAO) LE staff OMS is in the process of completing a six-month long temporary duty (TDY) tour in Iraq where her language skills are in high demand.

Changing British public opinion. In recent years British public opinion of the United States and its policies has dipped as low as 53 percent, down from traditionally high levels of 80 percent and higher. The PAS strategy under the previous Administration was to get a fair hearing for U.S. policies and initiatives. This was essentially media driven, with some attention to elite audiences. Public opinion gradually hardened and was strongly negative toward U.S. policies on Guantanamo, Iraq, the Middle East, and climate change. The Embassy counted success as getting its views acknowledged in the media.

The election of President Obama positively impacted on British public opinion regarding the United States and its policies. This is a rare opportunity for public diplomacy, as PAS discussed in the FY 2011 MSP. The revised public diplomacy goal in the MSP is to rebuild the foundation of respect and trust that has traditionally existed between the United States and Britain, which still largely exists between the U.S. and U.K. Governments, but since the Iraq war has not been shared by most Britons. To meet this goal, Embassy London is requesting additional resources. In particular, PAS would use these resources to expand outreach to the media and to expand and improve American studies at British universities. PAS plans to use speaker programs, personal and web-based outreach, and targeted exchanges to increase dialogue and mutual understanding.

Performance measurement. The public diplomacy section of the FY 2009 MSP was deficient in terms of performance measurement. Soon after the arrival of the current PAO, PAS began tracking program results via the Mission Activity Tracker through audience number tallies, numbers of exchange visitors, and qualitative assessment of pertinent articles in U.K. media. The section also conducts annual custom opinion surveys that track U.K. public perceptions of the United States. PAS has worked out an approximation of the scale developed by Embassy Madrid for measuring progress by the content of press articles. There are statistics on Web site viewership; however, assessments of impact are mostly anecdotal.

Interagency coordination. The Embassy's front office has strongly supported all outreach efforts. In addition, outreach to the media and key target groups is done by many agency and section heads, including Department of Homeland Security, Department of Justice, Federal Bureau of Investigation, and the consular, economic, and political sections, along with ELOs. A large part of PAS work is enabling, in all senses of the word, the various agencies and elements at the Embassy to engage the British people. A recent example would be the media outreach organized to publicize the new program for visitors to the United States from visa-waiver countries. The PAS press unit organized a program extending over several months which included media work by Department of Homeland Security, CBP, the consular section, and the front office, as well as from the PAO, the Information Resource Center (IRC), the webmaster, and PAS staff.

Press relations. The press office within PAS has three officers and includes the IRC under the supervision of an assistant information officer (AIO). Upon the departure in summer 2009 of one of the two AIOs, that position will be frozen for one year. This will put an added burden on the press office that will be partially addressed by temporarily putting AIO duties on a senior LE staff person in the press office. PAS wants one of two new officer positions requested in the 2011 MSP to focus on new

media. New media, to include social networks, is interactive. It is a heavier load than the webmaster can handle and also requires close policy guidance from an American officer. Press office staff, in conjunction with the IRC, produces the Early Alert, the U.S. news press alert in the morning, and media reaction. The press officer also prepares items for rapid reaction and reports on broadcasting.

Front Office Press Outreach. The recently departed Ambassador was a prodigious public diplomacy warrior. For example, he did 25 interviews the night of the 2008 U.S. elections and another nine the following morning. Winfield House, the COM residence, is a tremendous public relations tool that is put to frequent and effective use.

The Embassy Studio, Visitors, and the Public Diplomacy "Tax." PAS rightly spends a great deal of time creating and directing media engagement for the large number of important official visitors. These visitors are linked with London's world-class media outlets for maximum global and domestic reach. Over the years, PAS London has been able to arrange hundreds of interviews on virtually any topic, tapping into the Embassy's unparalleled media platform. PAS has access to domestic media (British Broadcasting Corporation (BBC) Channels 1, 2 and 4; ITN; Channel 4; Islam Channel; and British newspapers) as well as global outlets (Sky News, BBC World TV, BBC World Service radio, the Financial Times, and the Economist).

The PAS operates a fully equipped studio in the Embassy with lines for live radio and TV transmission. The section also produces podcasts, vodcasts, and "Tweets," along with promoting and maintaining a Web site that gets more than a million visitors a month. It also uses a "murder board" with the studio to train and prepare mission staff for facing the press. During the inspection, the section premiered its first regular YouTube feature. The PAS has the potential and material to create and place more policy-driven content, but requires additional resources to do so. It requested additional staffing and funding in the FY 2011 MSP to that end.

The IRC has four full-time LE staff, including the director. There is also one half-time LE staff position. The IRC produces a morning press product that is for in-house use, but it also goes to Washington, the media hub in Embassy Brussels, and other European posts.

Webmaster and the Content Management System. The webmaster is one of four full-time LE staff in the IRC. The webmaster can work from home and demonstrated his capability of updating and maintaining the Embassy's Internet Web site from home during the inspection when London and the Embassy were shut down by the worst snow storm in 18 years. The Embassy is not yet a Content Management System post, but is scheduled to convert to Content Management System by the end of

September 2009. The consular section has a sub-webmaster, but only IRC uploads content. The Embassy webmaster also supports the web pages of Consulates General Belfast and Edinburgh. PAS is now "tweeting," but is not yet utilizing Facebook. A first effort at a Facebook page was taken down while its use and content are being re-evaluated. These new media, especially the social networks, work best when they can be personalized. While ELOs might have the right skill set to do so, they have not been keen to take on the additional workload without adjustments to their regular responsibilities. In addition, both the front office and the Department have concerns regarding the control of the message in these new media products. The Department recently issued a telegram raising the complicated issue of using and managing social media for public diplomacy.¹ Balancing the desire to control the message against the speed at which content changes on these networks is difficult. Some proponents of social networking fear that tilting the balance too much in favor of control will render its use too sluggish.

Cultural affairs programs. The cultural affairs officer (CAO) supervises two American assistant cultural affairs officers (ACAO) and four full-time LE staff. The Embassy is requesting an additional ACAO in the 2011 MSP. This ACAO would conduct outreach, mostly beyond London. The cultural section does the bulk of the programmatic part of Muslim outreach. The unit manages grants, international and voluntary visitors, and citizen outreach.

International Visitors and Voluntary Visitors. Over the years, the Embassy's international visitor and voluntary visitor programs have had outstanding results. Four that later went on to become Prime Minister are Gordon Brown, Tony Blair, Margaret Thatcher, and Ted Heath. These selections are a tribute to the IV selection process and the input of the front office and political and economic sections. Likewise, a number of IV grantees from the media have gone on to become household names in the UK. That is testimony to the contacts and vision of the press office, the primary source of those nominations. Since 1985, the number of IV grants has eroded by half. Now there are teachers of American studies who have never visited the United States. PAS has made a strategic decision to put a portion of its discretionary money into outreach. However, the crying need is for adequate resources so that IV opportunities that could bear lasting fruit are not missed.

Fulbright program. The U.S. – U.K. Fulbright Commission, formed on September 22, 1948, is 60 years old. The Fulbright Commission's offices in London include the Advisory Center for Education USA. Both the PAO and the CAO are on the Commission's board. The OIG team met with the Commission's executive director

¹STATE 016064, Social Media and the Conduct of Diplomacy, February 20, 2009.

during the inspection. With the cooperation of Consulate General Edinburgh, the Commission was able to obtain, for the first time, a contribution from the Scottish Government totaling 185,000 pounds for use over a three-year period. There is a certain amount of money that is earmarked for Northern Ireland from both the U.S. and U.K. Governments. The Commission is doing a good job of including new-to-program U.S. and U.K. universities to achieve geographic diversity. The challenge has been the virtual freeze in funding while university costs keep going up. In response, the Commission capped awards and asked U.S. institutions to share costs. The Commission is adding 18 new awards in 2009. Awards have gone from 39, two years ago, to over 70.

Public diplomacy grants management. The PAS administers all Department grants at Embassy London. The CAO and one of the ACAOs are the two grants officers. There are two grants officer representatives, a PAS LE staff person and an officer in the political section. Grant applications have been solicited publicly, via the Embassy's Web site and through ongoing PAS contacts with nongovernmental organizations, arts organizations, and universities throughout the U.K.

The PAS grants budget in FY 2008 was \$511,395. Additional one-time only grant funds were received from the Department in FY 2008 totaling an additional \$196,944. FY 2009 grant funds are currently projected to be \$404,570. The PAS also administers for NEA an Iran Small Grants Program with two-year funds for FY 2008-09 of \$289,750. Although those are not public diplomacy grants they are managed by a grants officer in the section who has been trained and has a grants warrant. Success in the grants program has been measured from press comments and anecdotally.

PAS found that its postings on the Embassy's Web site did not lead to the types of proposals that it wanted, and there was indication that the section was feeling pressured to give grants to some groups for activities that were not a high priority in the MSP. The result was an ad hoc nature to the grants program. Given these factors and the amount of time it took to process the proposals, PAS recently removed the grants solicitation from the Web site.

The OIG team reviewed the most recent two years of grant files. Although the grants supported MSP goals, a common problem was omission of explicit reference to MSP goals and objectives served by the grant as required by Grants Policy Directive 23. There were also a substantial number of grant folders that lacked a final report or where documentation standards in the final report were lax. The OIG team made an informal recommendation calling for the PAS to tighten its grant processing procedures.

The OIG team met with the PAO and grants officers to review the grants program and was satisfied that there was some healthy self criticism and analysis going on in the PAS regarding the grants program. The section has not held a half-day off-site focused on the grants program.

Recommendation 8: Embassy London should implement procedures that ensure that Mission Strategic Plan goals and objective are specifically referred to in grant files per Grants Policy Directive 23. (Action: Embassy London)

Recommendation 9: Embassy London should hold an off-site to refine its grants program strategy, priorities, and solicitation procedures. (Action: Embassy London)

Muslim outreach. Embassy London has a program of engagement with Britain's Muslim communities, focusing on groups with links to Pakistan, India, Bangladesh, Iran, Iraq, and Afghanistan, to counter Islamic extremism and forge durable partnerships. Recognizing that London-based reporting influences opinion worldwide, the Embassy seeks to engage with broadcast and print media. It coordinates with the London Regional Media Hub, also known as the Media Outreach Center (MOC), to reach major pan-Arab, Iran-directed, and other international media on the full spectrum of issues vital to U.S. interests. They employ a range of public diplomacy products to deliver the messages that:

1. The United States is engaged positively with the Islamic world for our mutual benefit, and is not at war with Islam;
2. Muslim life in America is vibrant and free; and
3. The United States is committed to promoting democracy throughout the world, including in Muslim countries.

The focus of the schools outreach is areas of Britain that have the highest per capita Muslim populations. East London is the highest, with a 40 percent Muslim population. Most other areas visited have populations that are around 10 percent Muslim.

Counterradicalism. The Embassy is committed to expanding its Muslim outreach efforts. The Embassy hopes to show young British Muslims a path to democratic and economic participation in Western society, thereby mitigating the influence of

extremist Islamic groups on them and lessening the prospect of their radicalization. PAS is part of the counter-radicalism interagency working group at the Embassy. There is not yet an empirical way to measure the program's effectiveness.

London Regional Media Hub

The London Regional Media Hub, also known as the MOC, developed out of the London Media Outreach Center, which was created in 2003 to strengthen engagement with the influential London-based Arab media. The hub continues to give priority to the pan-Arab media. Its director is a senior Foreign Service officer who reports directly to the Under Secretary for Public Diplomacy and Public Affairs. The director is supported by three LE staff – a deputy director, an Arab media specialist, and an OMS. The director also supervises the media hubs in Brussels and Dubai and is developing hubs for the Bureau of African Affairs, the Bureau of East Asia and Pacific Affairs, and the Bureau of Western Hemisphere Affairs. Owing in part to the fact that the hub director was the PAO at Embassy London when the MOC was created, the PAS and the hub have a harmonious, mutually supportive relationship. Although both the PAS and the hub at times seek access to the same high profile visitors to engage their respective media contacts, the director and the PAS, most often specifically the information officer (IO), work things out. If necessary, a joint media event is arranged. The director initiates a weekly hub conference call with the media hubs in Brussels and Dubai. Other media hubs may also participate. The director also organizes a weekly communicators conference call that includes interagency Washington participants as a means of keeping communication lines open, providing early warning of upcoming events, and securing broad agreement regarding the media strategy.

Pan-Arab Language Media Outreach and Monitoring. The hub's MOC monitors print and broadcast pan-Arab language media and compiles a daily report. The Open Source Center is careful not to duplicate this effort by the MOC and instead uses its resources to monitor other foreign broadcasts. Both the hub and PAS share use of the Embassy London studio. At times, the director, who speaks Arabic, will respond to emergent issues with the Arab media himself in the vernacular. The MOC also arranges roundtable discussions with Arab media journalists in the studio, or invites selected media organizations to interview visitors in the studio or remotely utilizing the studio's links through British Telecom. The studio is used for both television and radio programming.

Grants and Conferences. The director has used funds at his disposal, which come directly from the Office of the Under Secretary, to provide grants to nongovernmental organizations and other entities to sponsor conferences. At the time of the

inspection, the London Middle East Institute was organizing one such conference on Arab media for academics, journalists, media professionals, bloggers, and other Arab media-watchers. The MOC director invites the PAS, the Open Source Center, and colleagues from Washington to attend such conferences.

Beyond Pan-Arab Media. The hub has gradually broadened its portfolio to include international broadcasters to Iran and other foreign media based in London. Iran-directed media in London include the BBC's new Persian television service, a stringer for the Voice of America (VOA) Persian News Network, and a stringer for Radio Free Europe/Radio Liberty's Radio Farda. The hub director provided a grant to an NGO to host a February 2009 conference on broadcasting in and to Iran. The political officer who follows Iran attended. The seminar accomplished the MOC's goals of increasing knowledge of media in and to Iran and expanding contacts among broadcasters, journalists, and analysts who deal with that nation. Through the event, the hub was also able to renew and strengthen its relations with BBC's Persian Services, VOA's Persian News Network, Radio Farda, Radio Free Europe/Radio Liberty, and independent bloggers and commentators.

The U.K. has a significant number of residents of South Asian origin and an active London-based South Asia media (Urdu, Dari, Pashto, Hindi, Bangla, and English). The hub would like to engage with this media, but does not have the capacity or expertise to do so. South Asia is a region of critical importance to the United States, and London is probably the major center for South Asia media (print, broadcast, Internet) outside that geographic area. These media are influential with audiences in South Asia and South Asian communities in the U.K. (which in turn have close connections with the region). There is great potential for increasing placement of U.S. Government policy views and correcting erroneous reporting in these media through sustained, direct engagement and analysis, but the MOC is not able to do this at the current time. Engagement with the South Asia media in London could be a valuable component of U.S. strategic communication efforts for Pakistan, Afghanistan, and other South Asian countries. By the same token, failing to engage leaves the U.S. vulnerable, and deprives the Embassy's counterradicalization committee of valuable information that would be a side benefit. To take on this new responsibility it is estimated that at least another specialist LE staff position would be necessary. The specialist would be expected to have experience in or with the London-based South Asia media, and be fluent in English and Urdu. Other languages such as Dari, Pashto, Hindi, or Bangla would be desirable but not required.

Recommendation 10: The Under Secretary for Public Diplomacy and Public Affairs should approve and fund a new locally employed staff position at the London Regional Media Hub to engage with London-based South Asian broadcast and print media in support of U.S. Government policy priorities in South Asia. (Action: R)

Voice of America

VOA has a London News Bureau that is the subject of a separate OIG report. The VOA correspondent is not under COM authority. Interaction with the Embassy for journalism purposes is limited to access granted other media representatives. The VOA London News Bureau includes four LE staff who are under COM authority and who receive ICASS human resource services.

RESOURCE MANAGEMENT

Agency	U.S. Direct-Hire Staff	Eligible family members	LE staff	Total Staff	Total Funding FY 2008
D & CP includes SSA	255	3	146	404	17,255,300
ICASS	11	9	167	187	19,966,500
CA					1,574,681
PD	8	1	19	28	2,916,600
DS	5	2	13	20	2,435,019
MSG	12			12	150,594
Representation and 25,000 Kfund					179,700
OBO	1			1	17,235,922
Gift Fund					94,850
FAS	1		4	5	615,621
DHS	28		8	36	223,400
FCS	4		13	17	1,681,777
Open Source Center	9		51	60	n/a
HHS	1			1	41,360
DEA	4			4	n/a
DAO	13		3	16	3,109,935
DIAL	19		1	20	272,008
DOD – NGA	2		1	3	n/a
ODC	8		1	9	n/a
Army PEP	1			1	n/a
Army Students	7			7	n/a
Army Material	13			13	n/a
SUSLO - U.K.	11		6	17	n/a
LegAtt	12			12	n/a
DOJ criminal	1			1	n/a
DOJ civil	1		2	3	n/a
IBB			4	4	781,000
Treasury	8		9	17	n/a
FAA	11		4	15	n/a
ABMC	3		13	16	n/a
Totals	449	15	465	929	68,534,267

n/a indicates not serviced by FM

Note: Consulate General Belfast has four U.S. direct-hires and 16 LE staff; Consulate General Edinburgh has one U.S. direct-hire and three LE staff.

Embassy London's management team provides a reasonable level of customer service while contending with a staffing growth rate that surpasses its ability to meet demands. Without concomitant growth in ICASS staff, the management section cannot continue to provide minimum service levels.

Since 2001, staffing in other agencies grew by 131. In the same time period, two U.S. direct-hire ICASS positions were eliminated. Rightsizing, staff attrition, and shortfalls in funding and staffing are taxing direct-hire and LE staff. Two additional factors place a strain on Embassy London resources: the number of families residing in London while employees are serving on unaccompanied tours in Iraq or Afghanistan, and the fact that the Embassy serves as the medical evacuation point for approximately 130 embassies.

A cable dated February 20, 2009 (London 00453) provides a vital portrait of the effects of resource and staffing constraints, and indicates that severe ICASS staffing deficiencies will effect service levels and limit Embassy London's ability to accept further growth. It provides service to 41 ICASS entities, 449 U.S. direct-hires, 711 family members, and 480 LE staff.

The 2011 MSP requests two U.S. direct-hire positions: an assistant general service officer, an assistant financial management officer, and 34.5 new LE staff to work in general services, budget, human resources, facilities maintenance, and the medical unit.

CHALLENGES

Some planning for the 2012 Olympic Games in London has begun but is not a focus primarily because other projects loom. There are expectations that staff who served at Embassy Beijing during the 2008 Olympics will be posted in London to lend their knowledge and expertise. Sadly, one officer who was expected to fill that role passed away unexpectedly, leaving London's management section with a serious gap.

New Embassy Compound

The management counselor and other procurement and financial management staff spend hours each week on work related to the new embassy compound. To date, the sale of the former U.S. Navy annex, transferred to the Department, has yielded about \$450 million. The Embassy and OBO anticipate that the current chancery may sell for a similar sum, for a total of nearly \$1 billion. The Office of Management/Performance, Rightsizing and Innovation has a program to assist embassies preparing for new chanceries and there are lessons learned available on the Department's Web site.

The new chancery will be sited on 4.93 acres in a commercial area, Nine Elms Opportunity Area, now undergoing renewal. This self-financed project, unusual for most Department real estate sales and purchases, has already had congressional but not full host government approval for architectural and other plans.

There remain concerns about whether City of London historic preservation rules will limit the present chancery building's utility for a potential buyer. If the property proves less valuable than the anticipated nearly \$500 million sale, plans for self-financing the \$1 billion new compound may be difficult to implement. Further, OBO has not yet gotten a promise of Value Added Tax forgiveness from the U.K. Government which, if levied at 15-17.5 percent, could render the project unaffordable. In the meantime, the Department has authorized the commitment of approximately \$18 million to purchase the site.

Housing

Planning for the new embassy's location has also engendered careful consideration of which residences to keep and which to sell, as well as a search for reasonably-priced properties to lease or purchase for addition to the Embassy's housing pool. The general services section has developed a spreadsheet, Stars and Stripes Index, with data to enable the leasing section to compare current properties to those available on the market. It notes key factors including space, rent, parking, willingness to allow pets, commuting time to the chancery, and cost.

Officers with children usually put a high priority on housing located in close proximity to the school their children will attend. All officers regard commuting time between their home and the chancery as a key factor in the selection of their housing. The Embassy's Stars and Stripes Index is intended to compare costs while considering these other factors. While the location of schools does not dictate where the Embassy locates properties, given the need for the most cost-effective outcomes, if a property near to the school the employee has selected for his dependents is available, and it meets safety and security standards and cost guidelines, the Embassy will make every effort to take the officer's preferences into account in assigning housing.

London's housing is quite expensive. Most of the short-term leases in the embassy housing pool exceed \$50,000, and, therefore, require OBO review. Several officers expressed concern to the inspectors about the high cost of residential housing in London and wondered whether the Embassy was getting the best housing value for the money.

The OIG team looked at various data for residential properties available in the greater London area, and compared the costs of existing U.S. Government-leased properties that meet U.S. Government requirements with similar properties currently available on the London real estate market. The OIG team's review indicated that the housing program, as currently structured, is being operated in accordance with FAM and FAH requirements. Pricing variations between those properties the Embassy leases and listings on the commercial real estate market can be explained by the need to install U.S. Government-required safety and security upgrades, and by the requirement for landlords to agree to a diplomatic clause in the lease that effectively allows the lease to be broken with little notice.

Funding Shortfalls

The financial management section operates in an environment of serious resource and funding constraints. The lean management section is reaching the point where essential services may be curtailed. A 10 percent budget cut last year forced certain economies that may end up costing more in the long term. For example, a decision to reduce the number of blanket purchase agreements resulted in the need for more purchase orders. Once a blanket purchase agreement is awarded, no further competition is needed. Each of the purchase orders were completed, as needed. A rough estimate of the cost to process a purchase order is \$150.

RIGHTSIZING

Embassy London's rightsizing review, updated in June 2008, does not fully consider the impact of other agency staffing increases when assessing management section staffing needs. In fact, the report recommends the elimination of four U.S. direct-hire ICASS-related positions. This is directly contrary to Embassy London's 2011 MSP that requested two additional positions. Looking ahead, the current chancery building will require more oversight and funding, given the age and condition of the building, heating and air conditioning requirements, and guards.

A second financial management officer position was moved to the human resources section when a previous minister counselor for management affairs decided to empower senior LE staff to perform responsibilities normally held by U.S. direct-hire staff. Management officers reported to the inspectors that this experiment has not been successful. Senior LE staff members have not been interested in assuming more responsibility or are already performing to their maximum ability, according to their supervisory officers. Many of these staff members are at their pay ceiling and

see no value in taking on extra work. Further, the salaries the Embassy offers, low in comparison with local companies, the small raises, and the budget-forced reductions in performance-based pay have also weakened incentives.

The NSDD-38 process has not stemmed growth. For example, in 1999, two LE staff members responsible for the provision of human resources services to 299 U.S. direct-hire officers. The same two positions are now responsible for 442 American officers. Management support to the constituent posts is good. The OIG team recommends that the management officer position at Consulate General Belfast be transferred to Embassy London, as discussed elsewhere in this report.

The OIG team shared with the management section a Worldwide Guidance Message, dated August 21, 2008, whose purpose was to “ensure RSO involvement in the NSDD-38 process and the effect on Regional Security Programs.” Particularly relevant is the guidance to review an NSDD-38 request for its impact on administrative support requirements, ICASS, and other costs or considerations. The guidance suggests basing the analysis on presently available resources to determine if these resources can support the new position(s) including workload, office space, local and direct-hire support, housing, supplies, and travel funds. London’s current NSDD-38 decision process requires that the requesting agency agree to provide ICASS funding but is not sufficiently specific to note what the impact will be on the Department’s ICASS assessment, nor does it provide the COM with an assessment of the impact on the Department’s program security costs.

The growth in staff and the lack of specific information regarding the number of other U.S. agencies’ staff in the U.K. may make the ICASS billing process incomplete. The Embassy relies on ICASS data to reflect accurately the total number of staff receiving ICASS services. In some cases, other agencies have filled positions for more than one year with a series of rotating temporary duty officers. These positions have not been captured properly under ICASS, nor have they received the appropriate NSDD-38 scrutiny and approval as described in 2 FAH-2 H-114.1a. (2).

Recommendation 11: Embassy London should require other agencies to submit National Security Decision Directive-38 requests for all temporary duty positions that are filled for more than one year. (Action: Embassy London)

FINANCIAL MANAGEMENT

Financial management at Embassy London is complex and represents one of the largest financial operations in the Department. The financial management section provides support to two consulates, several external sites in the London area, 41 invoiced ICASS offices/agencies, a steady stream of temporary duty visitors, congressional delegations and high profile Administration visitors. Tight budgets in past years and the outlook for the future make the workplace stressful for the American manager and the 19 LE staff members. The section has experienced attrition as staff members take positions with similar benefits and less responsibility. LE staffing in the finance office has not increased since the last inspection report in 1999, although program and ICASS budgets have almost doubled.

LE staff members, including the deputy finance manager, are knowledgeable. The ICASS council has approved two additional LE staff financial positions. Until hiring is completed, the Frankfurt Regional Service Center is providing a voucher examiner for two weeks a month. Implementing E2 Travel solutions, now required, is difficult. For London, there will be additional work to manually process permanent change-of-station travel.

The finance section is training an accountant for both official residences. The cost for managing and maintaining the buildings is over \$1.5 million annually, directly charged to the program allotment.

INTERNATIONAL ADMINISTRATIVE COOPERATIVE SUPPORT SERVICES

The ICASS council is well-served by a capable, engaged and articulate chairman. Under his leadership, with the support of the management counselor and financial manager, the council is correcting inadequate ICASS staffing. Experienced American agency heads agree that service does not meet expectations.

The ICASS council asked the management section to prepare a staffing comparison with other Bureau of European and Eurasian Affairs (EUR) missions. The comparison showed that ICASS staffing was less in London than at other large EUR embassies even though the number of agencies and the total number of employees in London was nearly double that of other large EUR embassies. The OIG team supports Embassy London's request for additional resources to improve service levels.

Agencies are billed for ICASS services using the approved NSDD-38 partial year invoice for the first year. Then, agencies are assessed charges for the entire year. Each year agency heads verify ICASS workload counts. For ICASS to maintain an adequate budget, the NSDD-38 information must be complete and accurate. To be assured that all staff members under the Chief of Mission authority are identified, the Embassy must have agency heads verify the number of U.S. direct-hires and their family members.

Recommendation 12: Embassy London should review all positions added to the mission since 2007, and ensure that each agency has been assessed the appropriate charges for ICASS participation. (Action: Embassy London)

NSDD-38 partial year invoices have been paid regularly since 2001. However, due to Department-wide budget constraints EUR has not been able to fund fully its share of the cost of positions approved under NSDD-38. From 2001 to 2005, the Embassy received funding to cover the costs. However, from 2005 to 2008, the Embassy has not received full costs, amounting to a shortfall of about \$445,975.

The current ICASS Council is responsive to budget shortfalls and in 2008, also in response an FY 2008 four-percent cut in ICASS and a 10-percent cut in programs, acted to ensure adequate funding. There were 1) no LE staff wage increases, 2) performance-related pay was reduced from 4 percent to 2.5 percent, 3) no additional ICASS positions were authorized, 4) no furniture or equipment was purchased, and 5) there were reductions in travel and training.

In July 2008, the council approved a matrix of ICASS modifications to agency workload counts to ensure equitable treatment for all agencies. Capital cost sharing for the NEC has not yet been addressed. Agencies need to discuss and understand the likely actual cost, based on their proposed staffing. The OIG team left an informal recommendation for the council to discuss capital cost sharing and actual costs for the future embassy.

The updated TDY policy, available on the embassy Web site, reflects the requirement for a visitor to pay when services exceed \$500 for a stay of at least seven days. In 2007 and 2008, the Embassy collected about \$30,000 for TDY visitors; however, the Embassy currently is not tracking long-term TDY visitors carefully enough to know whether all are paying their share. The OIG team believes that the management office should track visitors more carefully.

Recommendation 13: Embassy London should develop a procedure to verify all temporary duty visitors pay the correct amount for services they use. (Action: Embassy London)

The integration of ICASS standards within the Uniform Performance Service Standards, part of the Collaborative Management Initiative, must be completed in 2009. The council must ensure that the standards are correct and meet the requirements of the Collaborative Management Initiative. Embassy London's council meets twice a year to ensure that workload counts and service standards are accurate and meet requirements. The ICASS Web site is up-to-date and is an effective tool to communicate with all agencies and the Department.

Maintaining the integrity of the ICASS budget is a necessity. ICASS is not funded to absorb costs that, according to 15 FAM 165 a., DS or OBO should pay. For example, the Embassy's hydraulically operated vehicle bollards must be tested and maintained regularly to ensure their operability. As discussed elsewhere in this report, the bollards are installed on public streets and maintaining and repairing them requires closing the streets and redirecting traffic. Local officials allow only properly licensed contractors to do so. The annual cost to perform this maintenance and repair is \$135,000. DS and OBO state they do not have the funds. However, the FAM is clear on who should pay: it is the responsibility of OBO to pay for maintenance and repair of perimeter controls and of DS to supply parts for vehicle and personnel barriers.

Recommendation 14: The Bureau of Diplomatic Security, in coordination with the Bureaus of Overseas Buildings Operations and European and Eurasian Affairs, should resolve the funding issue regarding the maintenance and repair of perimeter bollards. (Action: DS, in coordination with OBO and EUR)

OFFICIAL RESIDENCE EMPLOYEES

The contracts for official residence staff carefully spell out the terms and conditions of employment. Some staff members have been employed at Winfield House for more than 20 years. The Embassy employs them on bridge contracts in the absence of ambassadors. The contracts state that the employees have "continuous employment." Their U.K. pension benefits would be affected if staff were severed and re-employed between ambassadors as pension benefits are based on length of service.

Local labor law specifies that if an employee is made redundant, that is, severed from employment, the severance benefit would be three weeks of gross pay times the number of years of employment. The Embassy has not budgeted funds for this potential liability. Should a long-term employee be made redundant, this could be costly to the U.S. Government. The Embassy's rationale for characterizing official residence staff employment as "continuous" is that it believes that employees would resist being hired for a short-term job. Moreover, it believes that if employees were hired for three-year terms, recruitment, security checks, and learning about the residence would be difficult. Further, the residence is often used for representational and other events in the absence of an ambassador. For example, Presidents and Secretaries of State, to name a few, use the residence when they visit London.

Recommendation 15: Embassy London should request the Office of the Legal Adviser to review the Embassy's official residence employee contract to determine whether the term "continuous employment" is correct given that the employment is based on multiple contracts. In addition, the Embassy should request guidance on whether it may characterize this employment as "continuous" in communications with the United Kingdom pension authorities.
(Action: Embassy London)

The acceptance of gifts is addressed in the Management Controls section.

VISITORS UNIT

Four LE staff members provide service for about 18,000 official visitors annually. They arrange hotels and the contractor deals with airlines and other travel requirements. The unit is efficient and adheres to State cable 015218 (dated January 2006) guidance and procedures for important official travelers. High level visits from senior administration officials, congressional visitors and many others require the visitors unit's attention. The embassy community and visitors have commended the unit for its exceptional service.

HUMAN RESOURCES

The human resources section, staffed with experienced and dedicated American and LE staff, provides services for the more than 950 staff located in the metropolitan London area and elsewhere throughout the U.K.. Its responsibilities for about 130 off-site employees and 250 family members include providing military identity and Foreign Commonwealth Office cards and other ICASS-related services.

COMPUTER-ASSISTED JOB EVALUATIONS

Whenever significant duties and responsibilities change or a new position is created, the responsible supervisor must create a position description that accurately reflects the duties, then

HR classifies it. Each year when employees receive performance evaluations, computer-assisted job evaluation (CAJE) scores and position descriptions should be reviewed. In some instances, this is not done. In others, when the scores change and the result is lower, staff become quite upset. The OIG team left an informal recommendation that Embassy London review position descriptions and CAJE scores annually.

The Department mandates that embassies use the CAJE tool to classify LE staff positions. The program was piloted at Embassy London and has been in place for nearly 10 years. Embassy London also has a unique performance related pay scheme that rates employees on performance and provides additional compensation. This system has been successful but has occasionally been unsatisfactory to employees who expect higher percentages than budgets allow.

RETENTION AND RECRUITMENT

Last year 45 LE staff members left their employment at Embassy London. Nine retired, 14 left for family reasons, 16 left for undetermined causes, but most importantly, six left for better paying jobs. The recruitment process has been streamlined effectively and many positions are posted on Web sites in lieu of expensive newspaper advertising. Many times, the recruitment efforts result in an abundance of applicants but hiring is not necessarily the outcome. For example, there have been three separate attempts to hire a motor pool supervisor and a procurement supervisor. Many other positions remain unfilled.

The clearance process is lengthy and eligible applicants often find other work while they are waiting to start work. At the time of the inspection, there were 59 vacant positions. EFMs for the most part, are not interested in working at the Embassy because low salaries and the high cost of child care and commuting make the work unappealing.

GENERAL SERVICES

The section is pioneering at least two web-based programs, the Stars and Stripes Index mentioned earlier in the management section, and Pangaea. The second program provides a complex spreadsheet that contains all assignment, housing, and furniture questionnaires, family size, etc., and ensures no aspect of the new employee's arrival is overlooked. This, in combination with an extensive departure spreadsheet, allows the housing, maintenance, and other sections to complete make readies with reasonable precision. When there is a gap between the arrival and departure of assigned staff, empty U.S. Government-owned or long-term properties are identified for temporary lodging. This methodology yields cost savings for temporary lodging. Looking at location, cost, commuting time, willingness to allow pets, and now, location in relationship to the new embassy compound, will help the Embassy to evaluate the potential to drop properties from the housing pool as well as the feasibility of acquiring new properties through purchase or lease.

HOUSING

The Embassy is taking steps to address short-term leased housing residents' assertions that they are not treated as well as residents of U.S. Government-owned properties. Until now, residents in short-term leased properties called landlords or landlords' agents to report maintenance problems. This formula has not been entirely successful. When residents in short-term leased properties were not satisfied with the landlords' responses, they called the Embassy. Then, the Embassy either called the landlords or fixed the problems.

Sometimes, even after the Embassy contacted the landlords, the work was not done. If the Embassy's maintenance staff fixed the problems, the financial section deducted the cost of the repair from the lease payment. Residents' complaints about

this process prompted the management section to agree to accept residents' calls and e-mails and eliminate the need for the resident to call the landlord directly. Of course, those residents who wish to call the landlord, as specified in the lease, may continue to do so.

This added step in the process of dealing with landlords' responsibilities may not result in more timely repairs. Moreover, many residents wrongly believe the Embassy will actually conduct all the repairs. Some time ago, the process for getting landlords' attention was through the Embassy, similar to the current plan. According to maintenance staff, the Embassy often conducted the repairs and deducted the charges from lease payments. Landlords agreed to the process because the Embassy's charges were lower than those of their agents. However, the number of maintenance staff was inadequate to meet the demand for repairs, and the Embassy discontinued the practice. The same could happen again.

The housing staff is responsible for nearly 300 short-term leased, long-term leased, and U.S. Government-owned properties. They also provide some assistance for a number of living quarters allowance properties, including reviewing size allowances and leases. The section is working hard to identify all living quarters allowance residences that are not included on the Department's residential property application. The problem is addressed in the Management Controls section of this report. The Embassy's plans to assume responsibility for liaison with landlords on repairs and maintenance at short-term leased properties could require additional work order and maintenance staff.

Information in a 2004 Between Occupancy Make Ready Solicitation offers a methodology that could augment the number of LE maintenance staff, if needed. A blanket purchase agreement or other procurement vehicle could be used to engage contractor(s) to perform maintenance and repair in short-term leased and U.S. Government-owned properties. The contractor would furnish services according to task orders specifying the location and type of work to be performed. The facilities would be maintained to a standard in accordance with technical specifications for system function checks, repairs (and painting) interior and exterior, and janitorial services. The OIG team left an informal recommendation suggesting that the Embassy consider this contracting possibility.

Based on the distance from London, employees at the Regional Information Technical Center, Royal Air Force Base Croughton, under the general direction of the management counselor, run their own housing board; pay landlords, as required, for short-term leased property; and, conduct safety, health, and environmental management and security inspections.

PROPERTY MANAGEMENT

The two-story warehouse building, a U.S. Government-owned property, is located about 45 minutes from the chancery. The warehouse and 12 additional storage containers are situated on a compound in a congested commercial area. The warehouse and the containers are filled with unneeded expendable and nonexpendable property. In compliance with 14 FAH-1 H-112.2 f., these items should be screened and classified as to condition and serviceability, and either disposed of or reconditioned and returned to stock. Continued storage of unneeded property wastes not only space but requires regular inventory controls. For example, there are 24 safes that are no longer usable. These safes were returned to the warehouse without proper procedures or documentation required in 14 FAM 417.1-4.

Recommendation 16: Embassy London should conduct a physical inventory of the nonexpendable and expendable property stored in the warehouse and storage containers and dispose of those items that have expired, that cannot be reconditioned, or are unserviceable. (Action: Embassy London)

The warehouse in its present state does not meet 14 FAM 413.7 a. requirements. The warehouse stores the Department's and other agencies' property. It is unorganized and does not meet minimal requirements for a shared warehouse. The location of other agencies' property is not transparent. In keeping with 14 FAM 413.7 a. (2), commingled property in shared storage space must be identified to show agency ownership.

Recommendation 17: Embassy London should establish written procedures for handling and storing property. (Action: Embassy London)

MISSION-WIDE VEHICLE USE POLICY

Several agencies operate their own motor pools. Except for the Office of the Defense Attaché, the general services section does not have copies of the other agencies' vehicle use policies. Therefore, the section cannot monitor other agencies' use of U.S. Government-owned vehicles and cannot verify that staff is charged for their other authorized use of these vehicles. According to 14 FAM 431.2-1 a., the

COM, in consultation with other agencies, must prescribe countrywide policies for business and other authorized use of vehicles. The FAM also states that policies must be documented in a vehicle policy memorandum that must be reviewed, at least annually, and reissued to incorporate updates to the Department's control policy.

Recommendation 18: Embassy London should require all agencies to provide a vehicle policy memorandum for the chargé d'affaires' review. (Action: Embassy London)

Recommendation 19: Embassy London should develop and disseminate a mission-wide vehicle policy. (Action: Embassy London)

FACILITIES MANAGEMENT

The maintenance staff is made up of very experienced long-term employees. They meet frequently with the housing and leasing staff and the housing coordinator to discuss thoroughly the arrivals and departures schedule and necessary work. Using a detailed spreadsheet, they also identify where gaps between departing and newly assigned staff would allow a vacant residence to be occupied in the interim. This practice saves the U.S. Government money.

SAFETY, HEALTH, AND ENVIRONMENTAL MANAGEMENT

The facilities management officer is responsible for the Safety, Health, and Environmental (SHEM) program. He maintains the chancery in excellent condition and eliminates obstacles and risks to life safety. He has revived a training program for the Embassy's professional drivers, a program designed to provide training for incidental drivers and for embassy staff who are authorized to self-drive government vehicles. This program has not been available at Embassy London since the SHEM's 2005 Synergy visit.

The Department's SHEM has agreed to send a Smith System driver instructor to train Embassy London and Consulates General Edinburgh and Belfast staff.

INFORMATION MANAGEMENT

Embassy London's information resource management office operates an extensive program that provides information management and information security for Department employees and ICASS subscribers. It also supports Consulates General Belfast and Edinburgh and a U.S. facility at the Royal Air Force Base Croughton. Each Consulate General has one locally employed, cleared American, to manage information systems. To accomplish its mission, the section manages approximately 600 unclassified workstations, classified networks, the mobile phone program, digital videoconferencing, mail, unclassified and classified pouch, radios, and the diplomatic post office.

The full-time information systems security officer ensures information security requirements are met and has produced a well thought-out and comprehensive contingency plan. It includes procedures regarding how to use the equipment and communication systems located at the alternate command center.

Last year, budget shortfalls prevented the section from getting training, implementing new technology, and visiting the consulates general in Belfast and Edinburgh. Without travel funding, the section was unable to assist consulates with special projects, system upgrades or staffing when the sole local information staff was away.

After Hours Switchboard Coverage

There is no switchboard operator after normal duty hours. Consequently, the after-hours Marine security guard answers telephone calls. According to 12 FAM 433.3 b., Marines should not be switchboard operators or perform other duties that detract from their officially designated duties. Marine guards told the OIG team that they answer about eight calls each night. Hiring after-hours operators would cost nearly \$120,000.

Recommendation 20: Embassy London, in coordination with the Bureaus of Diplomatic Security and European and Eurasian Affairs, should develop a cost-effective method to provide after-hours telephone support. (Action: Embassy London, in coordination with DS and EUR)

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SHARING CLASSIFIED CABLES

U.S. Government Secret Internet Protocol Router Network Distribution is a mechanism that facilitates interagency, classified information sharing. Marking classified cable traffic with the SIPDIS caption makes the cable broadly available to users cleared at the Secret level. Embassy London has not formally assigned a political or economic officer responsibility for managing SIPDIS cables posted on London's classified Web site. A designated SIPDIS administrator would manage hot topics and provide guidance related to what is appropriate for sharing and what should not be posted, i.e., cables with privacy protected information.

Guidance contained in 5 FAH-2 H-443.1 and State cable # 175460, dated October 2006, discusses the need to protect privacy information. State cable # 226504, dated December 2005 requires posts to designate an administrator to manage hot topics and provide oversight guidance for SIPDIS cable traffic.

Recommendation 22: Embassy London should designate a Secret Internet Protocol Router Network distribution administrator to manage hot topics and provide oversight and assistance for any cable traffic to be released under that program. (Action: Embassy London)

The information management officer manages the section effectively and strives to find new and better ways to improve the section and use technology creatively. The section has introduced VOIP-Plus and NANnY. These innovations save the U.S. Government money and improve the way embassy conducts business.

These products deserve special mention as Best Practices:

Best Practice: Voice Over Internet Protocol (VOIP) - Plus
Issue: How to bypass local telephone usage charges.
Response: Reconfiguring the Embassy's telephone switch to work with a commercial VOIP Internet service provider to connect calls through the Internet.
Result: Using the Internet provider's connectivity, the Embassy bypasses telephone circuits, saving about \$3000 monthly.

Best Practice: Network Assisted Notification Yeoman (NANnY)
Issue: How a U.S. direct-hire employee ensures all departure tasks are accomplished.
Response: Automating a notification system that sends messages regarding departure tasks.
Result: Departure is efficient and trouble-free.

CONSULATE GENERAL BELFAST

The FS-04 management officer at Consulate General Belfast is not receiving sufficient supervision. Currently, an FS-02 multi-functional deputy principal officer supervises the management officer and the consul general is the reviewing officer.

The experienced management counselor at Embassy London is best qualified to provide guidance and direction to an officer who is new to management work. The management officer, serving in his first management position, is responsible for supervising three LE staff: one responsible for financial management, cashiering, and time and attendance reporting; one responsible for investigations, background checks for local staff, and supervising the local guard force; and one, a cleared American who manages classified, unclassified, and consular computer systems. The sole information staff also provides technical support for alarms, badge readers, and other security systems.

The information systems manager's position description is out of date and not complete. Although Embassy London's information management officer asked the management officer to update and complete the position description, nothing has been done as of the Belfast visit of the inspectors.

Recommendation 23: Embassy London should update and rewrite the Consulate General Belfast's information manager position description to reflect the classified and unclassified system responsibilities and the responsibilities for supporting security systems. (Action: Embassy London)

Until now, the Consulate General has not had a bank account; consequently, consular receipts are combined with petty cash. The OIG team left an informal recommendation that the Consulate General consult with Embassy London's financial management section to ensure a bank account is opened and funds deposited correctly.

The FS-02 deputy principal officer who currently rates the management officer has a full slate of responsibilities, including political and economic reporting, public affairs, press and media relations, commercial activities, and supervision of a new consular officer. This officer is not in a position to provide the detailed technical training and supervision that this management position requires.

Recommendation 24: Embassy London should revise the rating responsibilities for Consulate General Belfast's management officer to make the consul general the rating officer and Embassy London's management counselor the reviewing officer for this position. (Action: Embassy London)

The Bureau of European and Eurasian Affairs and International Organization Affairs Joint Executive Office's goal in providing a U.S. direct-hire management officer position for Consulate General Belfast, a post with only four U.S. direct-hires, was to improve management activities. The OIG team believes that the position would be used much more effectively in the management section at Embassy London.

Recommendation 25: The Bureau of Human Resources, in coordination with Embassy London, should move the management position (50-008005) to Embassy London. (Action: HR, in coordination with Embassy London)

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QUALITY OF LIFE

Embassy staff members are reasonably pleased with their quality of life in London. But they did not, in some instances, anticipate the smaller housing, the dark and rainy climate, the congestion in the streets, the high cost of living, schools distant from the residences, and the workload. Eligible family members who want to work find that childcare is difficult to find and expensive, and commuting is costly.

The community liaison office (CLO) coordinator gets work-related sponsors for newly-arrived staff. The Embassy is making every effort to improve housing and initial negative impressions should improve. The medical unit is highly respected and the schools are often the primary reason staff bid on Embassy London. The recreation association, as in the past, grapples with managing the enterprise.

COMMUNITY LIAISON OFFICE

A CLO coordinator, a CLO assistant, two part-time employees, and a CLO volunteer staff the office. The CLO maintains the required programs. The staff who work away from the chancery and their families have little contact with those who work at the chancery.

The CLO has been limited in its ability to carry out its responsibilities for security liaison. There is not a process that captures contact information for all agencies' staff members who fall under COM authority and responsibility. The CLO has been gathering pieces of information from several sources in an effort to create a contacts data base. Without information for incoming personnel and their family members, the CLO is unable to ensure the availability of emergency information as directed by 2 FAM 113.7-4 (6).

Recommendation 27: Embassy London should establish and maintain a system in the community liaison office that will capture contact information for all personnel who are under Chief of Mission Authority to include other agencies' staff members. (Action: Embassy London)

EQUAL EMPLOYMENT OPPORTUNITY

Embassy London maintains two separate EEO and civil rights programs, one for U.S. direct-hires and one for LE staff. The Embassy also has a diversity advisor program, whose advisors act in a similar capacity to American EEO counselors. Information on the diversity advisor program is disseminated throughout the mission via management notices.

There were no formal EEO complaints pending. The chargé and the minister counselor for management affairs recognize the value of diversity in the work force and want to attract a diverse pool of bidders on positions in the mission. The OIG team made an informal recommendation that Embassy London consult the Department's Office of Civil Rights to explore additional ways in which the mission could attract a diverse set of bidders.

SCHOOLS

Educating eligible dependent children in London is an expensive proposition but is part of the cost of doing business in the U.K. There is no disagreement that public schools (known as state schools) would disadvantage children who must reenter and compete in the U.S. educational system. During the inspection a major, respected daily newspaper carried a front page, above-the-fold article with the headline, "Brightest children failed by state schools."²

There are about 120 dependents of U.S. direct hire employees who attend private schools. Even at the same school, costs vary by grade. Basic tuition plus transportation totals as much as \$50,000 per student per year. Newly assigned staff members face difficulties in finding places for their school-aged children. All schools that embassy staff members use have waiting lists that vary by grade. As a result, several families have had children in two or three different schools—a logistical nightmare.

Normally, the Office of Overseas Schools assistance to schools provides some guarantee of placement. None of the schools that embassy children attend has accepted assistance because they do not want to give preference to embassy dependents.

²*The Daily Telegraph*, January 30, 2009.

The quality of the schools is very high. Three are ranked among the top ten independent international schools in the U.K., based on the International Schools Network rankings. Most of the schools offer an American curriculum. (b)(2)(b)(6)
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Providing for special-needs children is problematic, depending on the need and the school. Many of the schools do not accept special needs children or are prepared to work with children of certain special needs only. For this reason some embassy officials believe the regional education officer could make this issue a focus of any future visit.

MEDICAL UNIT

The medical unit's primary mission is to support medical evacuations from other Department embassies and missions. Responsibility for evacuations from 130 posts requires coordinating airline and hotel reservations and making appointments with a wide range of consultants. The average stay in London is five days—a remarkable achievement. The ICASS satisfaction survey shows high marks for the section, the highest for management services in the Embassy. The reason for the high marks is the section's ability to handle the patient workload, whether a medical evacuation or walk-in service for Embassy London staff, dependent or temporary duty visitor. The medical team includes a regional medical physician, a regional psychiatrist, a nurse practitioner, an office assistant, and two local nurses who serve primarily for the evacuation program.

Pandemic Flu trip wires, updated in January 2009, are part of the Embassy's emergency action plan. (b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
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Department staff members returning from Iraq and Afghanistan are required to complete a mandated outbriefing. The Department has required the outbriefing since 2007 (State cable 056401 dated April 26, 2007); asking ambassadors, DCMs, and principal officers to ensure that staff have attended the briefings at the Foreign Service Institute. In lieu of that briefing, the medical unit provides the briefing at the Embassy. Few of the returnees currently serving at Embassy London are listed in the Foreign Service Institute's records as having attended the mandatory outbriefing. Even fewer have taken advantage of the briefing available at the Embassy's medical unit.

Recommendation 28: Embassy London should establish a procedure to ensure that Department staff members returning from duty in Iraq and Afghanistan attend the required debriefing, either in Washington or at Embassy London. (Action: Embassy London).

Medical evacuations supported by Embassy London have been increasing yearly. They now number nearly 300. To continue to provide quality service for evacuations and embassy staff and dependents, the unit has requested the ICASS council approve a part-time nurse position. The position is one of many that need funding. The OIG team left an informal recommendation that staffing the position is necessary.

AMERICAN EMBASSY EMPLOYEE ASSOCIATION

Embassy London's American Embassy Employee Association provides services that are not readily or inexpensively available in greater London. These services are invaluable for American and local staff. The association does not meet 6 FAM 551.1 financial management and internal control requirements, as noted in its 2007 annual audit report. Board members receive full front office support but have limited time to spend on the association and related management issues. Many board members devoted time to working on internal controls, including a search for receipts stored in large plastic bags that prior managers had left. The association is attempting, now, to hire a part-time bookkeeper who will help to deal with control issues.

The current manager, the fifth since June 2007, is an effective restaurateur. He does not have an accounting background; however, he is careful to maintain records that can be used for audit reports. A sole employee cannot effectively manage the association, including its fitness center, catering, the pub and food service, the wine cellar, and the consular section's snack and drink kiosk and also prepare the accounts.

One of the key judgments in the OIG's 1999 Report of Inspection of Embassy London recommended immediate action to remedy problems in the association. In accordance with 6 FAM 551.1 requirements, the association was placed into a trusteeship status designed to result in a management plan that would either resolve deficiencies or liquidate Embassy London's employee association. While there have been improvements, 10 years later the association still needs to work on inadequacies. The OIG team made a number of informal recommendations addressing these issues.

In March 2008 the Office of Commissary and Recreation Affairs visited Embassy London and listed 30 actions that were necessary to correct deficiencies. In January 2009, the Embassy had responded to the corrective actions list, noting that fixes to 18 of the requirements were underway.

Recommendation 29: Embassy London should complete all recommendations in the Office of Commissary and Recreation Affairs' 2008 report. (Action: Embassy London)

MANAGEMENT CONTROLS

The chargé d'affaires memorandum regarding assurance on management controls, dated July 22, 2008, states that Embassy London's systems of management controls, taken as a whole, comply with the Comptroller General of the United States' standards and the Department's objectives and does not identify any deficiencies in inventory controls. It also states that assets are safeguarded against waste, loss, unauthorized use, or misappropriation. The OIG team, however, found inconsistencies in the motor vehicles inventory certification and other programs.

MOTOR POOL INVENTORY

The OIG team conducted a physical inventory of all Department vehicles and compared the count to the Embassy's Inventory of On Hand Vehicles report. Some vehicles were not listed on the report and none of the vehicles were recorded in the Integrated Logistics Management System (ILMS). This finding was in contrast to the 2008 COM's assurance of management controls certification that stated that all the vehicles had been inventoried, recorded in ILMS, reconciled, and certified.

Recommendation 30: Embassy London should conduct a vehicle inventory, include all vehicles on hand, and enter the information into the Integrated Logistics Management System. (Action: Embassy London)

Embassy London has not been using ILMS, the official data repository for motor vehicles, as required. According to State cables 118609 (dated January 2009) and 118457 (dated November 2008), ILMS is the only official site for motor vehicle inventories. Embassy London was using an outdated paper inventory record that included penciled-in additions, deletions, errors, and corrections. This outdated method created an internal control weakness.

Recommendation 31: Embassy London should immediately use the Integrated Logistics Management System to create, update, and maintain motor vehicle inventory records. (Action: Embassy London)

CELL PHONE USAGE

Embassy London does not charge staff members for using official cell phones for personal calls. The management section is preparing a notice to change the policy and to charge staff members for personal use of official cell phones above a low reasonable minimum level. All Department staff members are issued a cell phone for security purposes. The accepted practice is to use the phone for nominal personal calls as needed. Under the new policy, the phone bill will be referred to the employee's supervisor to validate whether the calls were for legitimate business purposes. If not, the employee should pay for excess over the minimum usage level.

LIVING QUARTERS ALLOWANCE RESIDENCES

There are a number of U.S. direct-hire employees located at work sites far from Embassy London. Although these employees are under COM authority, some have little regular affiliation with the mission, and do not actively participate in the Embassy's housing program as prescribed in 15 FAM 212.1. Not all of those leases are entered into the Department's real property application database and some leases may not have been reviewed. The interagency housing board may not have reviewed compliance with SHEM or space standards (15 FAM 260 guidelines for allocating residential space).

Section 156 of the Foreign Relations Authorization Act (Public Law 101-246, FY 1990 and 1991) specifies that the Department has responsibility for managing the overseas housing program to ensure coherent, cost-effective management of housing programs worldwide. The single real property manager at a post, the management counselor, is responsible for ensuring compliance with the policies and regulations governing living quarters allowances (15 FAM 212.1).

Recommendation 32: Embassy London should design and implement a system of internal controls over all housing provided to direct-hire employees under chief of mission authority. A system should include at a minimum: 1) identifying all living quarter allowances received by other agencies' staffs assigned to the United States Mission to the U.K.; 2) recording all living quarter allowance properties in the real property application data base; 3) requiring all agencies to submit leases and property size information to the interagency housing board for review; 4) determining any additional resources needed to enforce all proper internal controls; and 5) requesting sufficient funds from the Bureau of European and Eurasian Affairs to implement the system. (Action: Embassy London)

ACCEPTANCE OF GIFTS

Organizations that cosponsor events at the residence must go through the Embassy's front office and protocol office to get approval for the event. In the past, organizations that have used the residence for events included both American and British groups. The OIG notes that the records that the Embassy provided did not indicate whether non-American groups met 2 FAM 962.1-5 requirements. The OIG team was assured that the non-American groups were properly vetted and the purpose of their events met FAM requirements.

These organizations would provide funding to the Embassy in the form of an unconditional gift. Before accepting a gift, 2 FAM 962 requires the Embassy to make a judgment that the gift does not create a conflict of interest or the appearance of a conflict of interest. As outlined in 2 FAM 962.1, there are procedures the Embassy should follow before accepting a gift. The Embassy did not provide documentation demonstrating the decisionmaking process and the Embassy appeared to provide only annual reporting regarding gift acceptances related to the annual Fourth of July event and acceptance of physical gifts made to the Ambassador. The Embassy has been using the suspense deposit abroad account, according to 2 FAM 962, to account for financial gifts. This is contrary to 4 FAM 384.3 (c) which precludes using the suspense deposit abroad account for gifts.

It specifies in 4 FAM 386 which accounts should be used. The gift is given to the cashier, who records it in the correct account, provides a receipt and cables the regional bureau officer who acts as a liaison to Global Financial Services.

Recommendation 33: Embassy London should create a record of each gift that it accepts, record it properly, and report the information to the Department semiannually. (Action: Embassy London)

As a means of determining how much each organization should provide the Embassy as an unconditional gift, the event organizers estimate the number of individuals who will be present and the Embassy estimates a charge. This charge is based on the Embassy's set minimum for an analogous representation event, i.e., £ 25 for canapés, flowers, servers, etc. This sum is collected, what is actually spent is reimbursed to the residence, and the overage is contributed to the gift fund and used for Fourth of July. The donor memorandum specifies where the donor wishes the unconditional gift to be used but does not indicate that residual or excess funds will be deposited in the fund for the Fourth of July event or the option to refund the excess to the donor.

Recommendation 34: Embassy London should revise the donor letter to include the options of placing excess funds in the Fourth of July account or refunding the donor. (Action: Embassy London)

LIST OF RECOMMENDATIONS

- Recommendation 1:** The Bureau of Consular Affairs, in coordination with Embassy London, should develop a sustainable staffing model, including permanent and temporary adjudicator staff, so that Embassy London is able to meet standard processing times. (Action: CA, in coordination with Embassy London)
- Recommendation 2:** The Bureau of Consular Affairs should revise the access levels in the automated American citizen services system to allow for proper roles for the professional adjudication specialist. (Action: CA)
- Recommendation 3:** Embassy London should restructure the workflow in the passport unit to allow for the integration of the professional adjudication specialist into the work of the unit. (Action: Embassy London)
- Recommendation 4:** Embassy London should design a formal entry-level officer development program that includes reporting projects and other enrichment activities. (Action: Embassy London)
- Recommendation 5:** Embassy London should transfer responsibility for preparation of the annual trafficking in persons report from the consular section to the political section. (Action: Embassy London)
- Recommendation 6:** Embassy London should recruit a qualified eligible family member to conduct a pilot program to verify fingerprints of nonimmigrant visa applicants. (Action: Embassy London)
- Recommendation 7:** Embassy London should clarify roles and responsibilities of the fraud prevention manager and the assistant regional security officer-investigations, respectively. (Action: Embassy London)
- Recommendation 8:** Embassy London should implement procedures that ensure that Mission Strategic Plan goals and objective are specifically referred to in grant files per Grants Policy Directive 23. (Action: Embassy London)
- Recommendation 9:** Embassy London should hold an off-site to refine its grants program strategy, priorities, and solicitation procedures. (Action: Embassy London)

Recommendation 10: The Under Secretary for Public Diplomacy and Public Affairs should approve and fund a new locally employed staff position at the London Regional Media Hub to engage with London-based South Asian broadcast and print media in support of U.S. Government policy priorities in South Asia.

(Action: R)

Recommendation 11: Embassy London should require other agencies to submit National Security Decision Directive-38 requests for all temporary duty positions that are filled for more than one year. (Action: Embassy London)

Recommendation 12: Embassy London should review all positions added to the mission since 2007, and ensure that each agency has been assessed the appropriate charges for ICASS participation. (Action: Embassy London)

Recommendation 13: Embassy London should develop a procedure to verify all temporary duty visitors pay the correct amount for services they use. (Action: Embassy London)

Recommendation 14: The Bureau of Diplomatic Security, in coordination with the Bureaus of Overseas Buildings Operations and European and Eurasian Affairs, should resolve the funding issue regarding the maintenance and repair of perimeter bollards. (Action: DS, in coordination with OBO and EUR)

Recommendation 15: Embassy London should request the Office of the Legal Adviser to review the Embassy's official residence employee contract to determine whether the term "continuous employment" is correct given that the employment is based on multiple contracts. In addition, the Embassy should request guidance on whether it may characterize this employment as "continuous" in communications with the United Kingdom pension authorities. (Action: Embassy London)

Recommendation 16: Embassy London should conduct a physical inventory of the nonexpendable and expendable property stored in the warehouse and storage containers and dispose of those items that have expired, that cannot be reconditioned, or are unserviceable. (Action: Embassy London)

Recommendation 17: Embassy London should establish written procedures for handling and storing property. (Action: Embassy London)

Recommendation 18: Embassy London should require all agencies to provide a vehicle policy memorandum for the chargé d'affaires' review. (Action: Embassy London)

Recommendation 29: Embassy London should complete all recommendations in the Office of Commissary and Recreation Affairs' 2008 report. (Action: Embassy London)

Recommendation 30: Embassy London should conduct a vehicle inventory, include all vehicles on hand, and enter the information into the Integrated Logistics Management System. (Action: Embassy London)

Recommendation 31: Embassy London should immediately use the Integrated Logistics Management System to create, update, and maintain motor vehicle inventory records. (Action: Embassy London)

Recommendation 32: Embassy London should design and implement a system of internal controls over all housing provided to direct-hire employees under Chief of Mission authority. A system should include at a minimum: 1) identifying all living quarter allowances received by other agencies' staffs assigned to the United States Mission to the U.K.; 2) recording all living quarter allowance properties in the real property application data base; 3) requiring all agencies to submit leases and property size information to the interagency housing board for review; 4) determining any additional resources needed to enforce all proper internal controls; and 5) requesting sufficient funds from the Bureau of European and Eurasian Affairs to implement the system. (Action: Embassy London)

Recommendation 33: Embassy London should create a record of each gift that it accepts, record it properly, and report the information to the Department semiannually. (Action: Embassy London)

Recommendation 34: Embassy London should revise the donor letter to include the options of placing excess funds in the Fourth of July account or refunding the donor. (Action: Embassy London)

INFORMAL RECOMMENDATIONS

Informal recommendations cover operational matters not requiring action by organizations outside the inspected unit and/or the parent regional bureau. Informal recommendations will not be subject to the OIG compliance process. However, any subsequent OIG inspection or on-site compliance review will assess the mission's progress in implementing the informal recommendations.

Embassy London's consular section needs a long-term and short-term strategic plan to make certain that its resources are directed towards its highest priorities.

Informal Recommendation 1: Embassy London's consular section should establish an ongoing planning process, in which all levels of staff participate, to ensure the continuous identification of objectives and progress towards their achievement.

Embassy London's consular ELOs lack exposure to and understanding of how the daily work of senior consular managers contributes to the overall mission.

Informal Recommendation 2: Embassy London should design activities to expose ELOs to the daily work of consular managers.

Consular officers lose valuable interviewing time because of poor quality fingerprints.

Informal Recommendation 3: Embassy London should require that LE staff taking fingerprints at the intake window ensure that all fingerprints are in the top two quality categories.

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Embassy London's consular section maintains a local consular fraud case tracking database. Pending deployment of a CA global fraud case tracking system, all members of the JFIT should contribute case data to the local data base so the data is complete when it is transferred.

Informal Recommendation 5: Embassy London should ensure that all fraud cases are entered into its local fraud case tracking database.

Belfast's consular section handles the same types of cases that appear in Embassy London. Adjudication standards should be consistent between the two posts.

Informal Recommendation 6: Embassy London should maintain robust communication on consular matters at Consulate General Belfast, including visits and participation by telephone in appropriate staff meetings.

Embassy London's consular section lacks certain equipment. A newly-constructed area lacks adequate ventilation. (for Informal Recommendations 7-11)

Informal Recommendation 7: Embassy London should acquire backup printers and quality assurance scanners for all processing units.

Informal Recommendation 8: Embassy London should repair the Q-matic system in the ACS waiting room.

Informal Recommendation 9: Embassy London should acquire appropriate file storage space for the JFIT and the IV unit, including a cabinet appropriate for the safe storage of X-ray films.

Informal Recommendation 10: Embassy London should adjust the wiring of the ceiling fans in the consular section so they can be controlled in local work areas.

Informal Recommendation 11: Embassy London should provide adequate ventilation for the newly-constructed JFIT.

Copies of accountable consular officers' designations at Consulates General Belfast and Edinburgh were not available at Embassy London.

Informal Recommendation 12: Embassy London should maintain records of designation of accountable consular officers for itself and for its constituent posts in a central location.

The composition of the Department's American officer complement at Embassy London is not very diverse notwithstanding discussions, prior to the inspection, by

the chargé and the minister counselor for management affairs with the U.K. desk and the regional executive office regarding this issue.

Informal Recommendation 13: Embassy London should consult informally with the Department's Office of Civil Rights to explore ways in which the mission could attract a more diverse set of quality bidders.

A substantial number of grant files in the public affairs section lack the required close out reports or the quality of documentation provided for closeout varies greatly. In all cases where there was no close out report there is no documented evidence that more than one request was made for a close out report.

Informal Recommendation 14: Embassy London should review grant files with a focus on improving close out procedures and documentation.

The human resource section is not ensuring that position descriptions and CAJE grades are reviewed annually when staff members receive performance evaluation.

Informal Recommendation 15: Embassy London should ensure that staff position descriptions and CAJE grades are reviewed annually.

The Embassy's maintenance section will be short-staffed when it undertakes initial contact with residents in short term leased housing.

Informal Recommendation 16: Embassy London should investigate the value of a blanket purchase agreement or other procurement vehicle to ensure housing needs are met.

The procurement staff do not have the benefit of an experienced supervisor versed in U.S. Government procurement rules and regulations.

Informal Recommendation 17: Embassy London should request a special acquisition visit and refresher training from the Office of the Procurement Executive.

Consulate General Belfast needs guidance on how to open a Bank of Ulster account that properly reflects the sum of petty cash and consular receipts.

Informal Recommendation 17: Embassy London should seek guidance from the Charleston Financial Management Center and provide guidance to Consulate General Belfast regarding how to open the bank account and properly reflect the petty cash and other cash receipts.

Medical unit staffing cannot meet the increasing workload.

Informal Recommendation 18: Embassy London should request additional funding for a part-time nurse position.

Agencies are not informed about the increased costs they will face when the new embassy is built.

Informal Recommendation 19: Embassy London's ICASS council should discuss capital cost sharing with constituents.

The American Embassy Employee Association does not charge a membership fee.

Informal Recommendation 20: Embassy London should charge a membership fee to those using the association's facilities.

The gift shop's operation is a contract.

Informal Recommendation 21: Embassy London should analyze the costs and benefits regarding contracting-out and managing the gift shop internally.

American Embassy Employee Association revenues are commingled.

Informal Recommendation 22: Embassy London should separate all revenue centers cash and receipts.

Reserves for the American Embassy Employee Association are not adequate to meet emergencies and contingencies.

Informal Recommendation 23: Embassy London should ensure that the American Embassy Employee Association continues to replenish its reserve funds.

Fitness center equipment is on a scheduled replacement cycle, approved by the association's board.

Informal Recommendation 24: Embassy London should continue the equipment replacement schedule the association board established.

PRINCIPAL OFFICIALS

	Name	Arrival Date
Ambassador	Robert Tuttle (departed 2/09)	10/05
Deputy Chief of Mission	Richard LeBaron (became Chargé d'affaires a.i. 2/09)	8/07
Chiefs of Sections:		
Administrative	James Melville	9/08
Consular	Derwood K. Staeben	8/08
Political	Gregory Berry	8/08
Economic	Mark Tokola	8/05
Public Affairs	Sandra Kaiser	6/08
Regional Security	David Kidd	11/07
Other Agencies:		
Foreign Agricultural Service	Rodrick McSherry	11/07
Department of Defense	RADM Ronald H. Henderson	7/07
Foreign Commercial Service	Dorothy L. Lutter	8/07
Principal Officer, Belfast	Susan Elliott	9/07
Principal Officer, Edinburgh	Lisa Vickers	9/06

ABBREVIATIONS

ACAO	Assistant cultural affairs officer
ACO	Accountable consular officer
ACS	American citizen services
AIO	Assistant information officer
A/RSO-I	Assistant regional security officer – Investigations
BBC	British Broadcasting Corporation
BBG	Broadcasting Board of Governors
CA	Bureau of Consular Affairs
CAJE	Computer-assisted job evaluation
CAO	Cultural affairs officer
CBP	Customs and Border Protection
CLASS	Consular Lookout and Support System
CLO	community liaison office
COM	Chief of mission
CT	Counterterrorism
DAO	Defense attaché officer
DCM	Deputy chief of mission
DEA	Drug Enforcement Administration
DS	Bureau of Diplomatic Security
EEO	Equal Employment Opportunity
EFM	Eligible family member
ELO	Entry-level officer
ESTH	Environment, Science, Technology and Health Section
EU	European Union
EUR	Bureau of European and Eurasian Affairs

FAA	Federal Aviation Administration
FAS	Foreign Agricultural Service
FCS	Foreign Commercial Service
FPM	Fraud prevention manager
FPU	Fraud prevention unit
G-20	Group of 20
ICASS	International Cooperative Administrative Support Services
ILMS	Integrated Logistics Management System
IO	Information officer
IRC	information resource center
IV	Immigrant visa
JFIT	Joint Fraud Investigation Team
LE	Locally employed
MCCA	Minister Counselor for Consular Affairs
MOC	Media outreach center
MOU	Memorandum of understanding
MSP	Mission strategic plan
NATO	North Atlantic Treaty Organization
NEA	Bureau of Near Eastern Affairs
NGO	Nongovernmental organization
NIV	Nonimmigrant visa
NSDD	National Security Decision Directive
OBO	Bureau of Overseas Buildings Operations
OIG	Office of Inspector General
OMS	Office management specialist
PAO	Public affairs officer
PAS	Public affairs section
RSO	Regional security officer
SHEM	Safety, Health, and Environment

TDY	Temporary duty
U.K.	United Kingdom
VCU	Visa coordination unit
VOA	Voice of America
VPP	Virtual presence post

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